

U.S. Department of Labor

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



June 01, 2026

The Honorable Greg Abbott
Governor of Texas
P.O. Box 12428
Austin, TX 78711

Dear Governor Abbott:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver request was received on March 25, 2026. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Texas will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Texas and ETA. This action is taken under the Secretary of Labor's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and Sections 8–10 of the Wagner-Peyser Act in WIOA Section 189(i).

Requested Waiver: Waiver associated with the requirement at WIOA Section 129(a)(4)(A) and 20 CFR 681.410 that the State and local areas expend 75 percent of local formula youth funds on out-of-school youth (OSY).

ETA Response: ETA approves for Program Year (PY) 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the requirement that 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. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. The State is also approved to calculate the lowered 50 percent expenditure rate at the State level instead of individually for each local area.

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

ETA Response: ETA approves, for PYs 2026 and 2027, the State's request to waive the requirement that local youth programs make available each of the 14 youth program elements listed in WIOA Section 129(c)(2) and 20 CFR 681.460. Under this approval, local areas are not required to make available all 14 program elements. ETA reviewed the State's request and plan and determined that the requirements requested to be waived impede the State's ability to implement its plan to improve youth workforce development service delivery.

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, for PYs 2026 and 2027, the State's request to waive the requirement that prohibits the use of Adult and Dislocated Worker funds for the 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.

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 the State's goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

A handwritten signature in blue ink that reads "Henry Mack". The signature is fluid and cursive, with the first name "Henry" and last name "Mack" clearly distinguishable.

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc: Steve Pier, Executive Director, Texas Workforce Commission
Mary York, Workforce Development Division Director, Texas Workforce Commission
M. Frank Stluka, Acting Regional Administrator, ETA
Eva Mejia, Federal Project Officer, ETA

Out-of-School Youth Expenditure

1. The statutory and/or regulatory requirements the State would like to waive.

The Texas Workforce Commission (TWC) is seeking a waiver of the requirement under WIOA §129(a)(4)(A) and 20 CFR §681.410, which requires that states and local areas expend a minimum of 75 percent of youth formula funds on out-of-school youth (OSY). TWC is seeking a waiver to lower the 75 percent minimum OSY expenditure requirement to 50 percent for local area WIOA youth funds.

Additionally, TWC requests that the OSY expenditure requirement for local area funds apply statewide rather than to individual Local Workforce Development Board (Board) areas. This approach provides maximum flexibility for Boards to design and deliver services that meet the specific needs of their local youth populations.

2. Actions the State has taken to remove state or local barriers.

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

3. State strategic goal(s) and Department of Labor priorities (e.g. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver.

Approval of this waiver request would allow TWC to address strategic opportunities and meet key state goals outlined in the [*Accelerating Alignment: Texas Workforce System Strategic Plan Fiscal Years 2024–2031*](#). Specifically, this waiver aligns with the Texas Workforce System's mission by developing more integrated program services that connect training and education with current and future employer needs. It also increases work-based learning and apprenticeships by empowering Boards to direct resources toward occupational training and employment-focused activities for the population most critical to Texas' future talent pipeline, many of whom are prepared through the state's robust career and technical education (CTE) system funded by Perkins V. Ultimately, this waiver improves system partner capacity and responsiveness, allowing Boards to align their programs with actual local youth demographics rather than a decade-old federal mandate.

This waiver will provide Boards with critical flexibility to address the specific needs of their youth populations, particularly in areas with a higher proportion of in-school youth (ISY) who could benefit from WIOA services. The Texas Workforce Investment Council [*Youth in Texas: A Demographic Study*](#) identified 1,841,359 Texas youth aged 16-19 (32.45 percent of the states' youth population) were enrolled in secondary education. The 75 percent expenditure requirement creates an administrative burden, forcing Boards to expend significant resources on outreach and recruitment for a small population rather than providing direct services to youth in need.

This waiver complements Texas' waiver for ISY Individual Training Accounts, as it allows Boards to allocate more funding to ISY services, including work experience, training, and apprenticeships. By allowing for a lower OSY expenditure rate and applying the measure at the

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state level, Boards with fewer OSY can dedicate additional resources to help ISY stay in school, earn credentials, and focus on career pathways.

This waiver request aligns with the following Department of Labor (DOL) policy priorities outlined in the [America's Talent Strategy: Building the Workforce for the Golden Age](#):

- **Pillar I: Industry-Driven Strategies.** By allowing Boards to focus more funds toward ISYs, this waiver will “invest earlier and more intentionally in building career pathways...with exposure to real occupations and... industry-aligned training... opportunities that lead to in-demand jobs.”
- **Pillar V: Flexibility & Innovation - Leveraging Statutory Authorities to Promote Flexibility and Innovation** identifies that DOL will promote new waivers to statutory requirements that are barriers to reform and innovation... [and] encourage states to propose innovative reforms that realign their workforce system to match the five strategic pillars...”

4. Projected programmatic outcomes resulting from implementation of the waiver.

Approval of this waiver will allow Boards to more effectively allocate resources based on the demographic realities of their communities, leading to more efficient service delivery and better outcomes. TWC expects an increase in the number of ISY participating in high-quality work-based learning and training programs. This early engagement will reduce dropout rates and better prepare youth for postsecondary success. By shifting resources from challenging OSY recruitment efforts in some areas to direct services for a larger ISY population, the overall Texas workforce system will maximize the impact of its WIOA youth funds, serving more youth effectively and strengthening the talent pipeline for Texas employers.

5. Individuals, groups, or populations benefiting from the waiver.

- **In-School Youth**, particularly disadvantaged youth and individuals with multiple barriers to employment who can receive early intervention services to keep them on a path to success.
- **Local workforce development areas** with limited OSY populations will gain the flexibility to invest resources more efficiently.
- **Employers** will benefit from a better-prepared youth talent pipeline with relevant work experience and skills.
- **Local education agencies** that can build stronger partnerships with Boards to create integrated career pathway programs.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information.

Upon DOL's approval of this waiver request, TWC will communicate the waiver allowance to Boards and workforce system partner programs. TWC will monitor progress under this waiver by reviewing monthly performance reports submitted by the Boards, through regularly scheduled

Out-of-School Youth Expenditure

conference calls with Board executive directors, and through its monitoring and performance accountability system.

ISY engagement in training and work-based learning activities, will be annually measured using WorkInTexas.com, through:

- comparing quarterly ISY participant enrollments by Board (quarterly increase of ISY engaged);
- counting distinct services provided to ISY relating to youth elements identified in 20 CFR 683.460(a)(1-4).

Waiver outcomes will be included in TWC's WIOA Annual Report.

If the state requests renewal of this waiver, TWC will provide the most recent data available.

7. Assurance of State's posting of the request for public comment and notification to affected Local Workforce Development Boards

TWC uses a robust and collaborative process in developing all waiver requests to ensure workforce system partners and the public are involved in and able to provide input on waivers being sought by the Commission. As part of this process, TWC convened a WIOA waiver working group featuring representatives from Local Workforce Development Boards. The group reviews all TWC waiver requests and provides recommendations designed to enhance the impact of the Texas Workforce Solutions system on employers and individuals across the state. TWC's process also includes allowing Texas Workforce Investment Council staff the opportunity to review waiver requests. Finally, TWC posts waiver requests on the TWC website, in compliance with the Texas Open Meetings Act, providing all members of the public with the opportunity to provide comments during an open meeting of TWC's three-member Commission.

Post-Exit Supportive Services for Adults and Dislocated Workers

1. The statutory and/or regulatory requirements the State would like to waive.

The Texas Workforce Commission (TWC) is seeking a waiver of the requirement under WIOA §134(d)(2) and 20 CFR §680.910, which limit the provision of support services for Adult and Dislocated Worker program participants to the period of program participation. This waiver would allow Local Workforce Development Boards (Boards) to provide support services for up to 12 months after a participant has exited into employment to support job retention.

2. Actions the State has taken to remove state or local barriers.

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

TWC will undertake the necessary case management system modifications to implement follow-up support services for Adult and DW program populations.

3. State strategic goal(s) and Department of Labor priorities (e.g. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver.

Approval of this waiver request would allow TWC to address strategic opportunities outlined in the [Accelerating Alignment: Texas Workforce System Strategic Plan Fiscal Years 2024–2031](#). Specifically, it enables TWC to expand and document its understanding of the support service needs of adults and dislocated workers, allowing the agency to construct a support service model that assists individuals to maintain employment.

The initial months of a new job are often the most precarious, especially for individuals with multiple barriers to employment. A minor, unexpected challenge (such as a car repair or a gap in childcare) can jeopardize continued employment. This waiver provides the flexibility to offer short-term, targeted assistance to help individuals overcome these hurdles and maintain their jobs.

A key goal is to address the transition from public assistance reliance to economic self-sufficiency. As these individuals secure higher earnings, they often lose essential benefits before they are financially stable, creating a crisis that can force them out of the workforce. By allowing the use of support services like temporary assistance with transportation, housing, or childcare, this waiver will help to bridge that gap for the most in-need Texans, promoting sustained employment and economic self-sufficiency.

WIOA recognizes the necessity of these supports for youth participants. Texas seeks to expand this flexibility to support adult and dislocated worker populations in this state.

This waiver request aligns with the following Department of Labor (DOL) policy priorities outlined in the [America's Talent Strategy: Building the Workforce for the Golden Age](#):

- **Pillar II: Worker Mobility - Engaging and Supporting the Disconnected Workforce** identifies that federal agencies will “explore flexibilities within their programs to help ease

Post-Exit Supportive Services for Adults and Dislocated Workers

the benefits cliff and reduce the disincentive for career advancement, such as through waivers to allow for supportive services to be permissible as a follow-up service after the individual has obtained employment...”

- **Pillar V: Flexibility & Innovation - Leveraging Statutory Authorities to Promote Flexibility and Innovation** identifies that DOL will promote new waivers to statutory requirements that are barriers to reform and innovation... [and] encourage states to propose innovative reforms that realign their workforce system to match the five strategic pillars...”

4. Projected programmatic outcomes resulting from implementation of the waiver.

Approval of this waiver will empower Boards to provide a continuum of care that extends beyond job placement, directly supporting employment retention. By providing additional support during the critical initial period of employment, Boards can help participants secure their footing in the workforce.

TWC expects this waiver to increase employment retention rates for Adult and Dislocated Worker participants, particularly in the second and fourth quarters after exit. We also anticipate a reduction in the number of individuals who return to public assistance shortly after employment, thereby strengthening the stability of the local workforce and providing a greater return on the public's investment in workforce training.

5. Individuals, groups, or populations benefiting from the waiver.

- **Adult and Dislocated Worker participants** who have successfully entered employment will have access to crucial support to maintain their jobs and navigate the transition to self-sufficiency.
- **Individuals transitioning off public assistance** may receive targeted support to prevent them from falling back into poverty after securing a job.
- **Employers** will benefit from reduced turnover costs and a more stable, reliable workforce.
- **Boards** will have an essential tool to improve long-term performance outcomes and better serve their communities.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information.

Upon DOL's approval of this waiver request, TWC will communicate the waiver allowance to Boards and workforce system partner programs. TWC will monitor progress under this waiver by reviewing financial and activity reporting submitted by the Boards, and through case management systems and standard monitoring processes.

TWC anticipates it may take several years of monitoring the provision of these services and analyzing employment retention data for participants who receive post-exit support to measure the waiver's effectiveness over the several proceeding program years and to fully understand the

Post-Exit Supportive Services for Adults and Dislocated Workers

net positive benefits of implementing this waiver. Waiver outcomes will be included in TWC's WIOA Annual Report.

If the state requests renewal of this waiver, TWC will provide the most recent data available.

7. Assurance of State's posting of the request for public comment and notification to affected Local Workforce Development Boards.

TWC uses a robust and collaborative process in developing all waiver requests to ensure workforce system partners and the public are involved in and able to provide input on waivers being sought by the Commission. As part of this process, TWC convened a WIOA waiver working group featuring representatives from Local Workforce Development Boards. The group reviews all TWC waiver requests and provides recommendations designed to enhance the impact of the Texas Workforce Solutions system on employers and individuals across the state. TWC's process also includes allowing Texas Workforce Investment Council staff the opportunity to review waiver requests. Finally, TWC posts waiver requests on the TWC website, in compliance with the Texas Open Meetings Act, providing all members of the public with the opportunity to provide comments during an open meeting of TWC's three-member Commission.

WIOA Youth Program Elements

1. The statutory and/or regulatory requirements the State would like to waive.

The Texas Workforce Commission (TWC) is seeking a waiver of the requirement under WIOA §129(c)(2) and 20 CFR §681.470, which requires each local workforce development area (local area) to make all 14 WIOA youth program elements available to eligible youth. TWC requests this waiver to provide Local Workforce Development Boards (Boards) with the flexibility to focus youth funds on the program elements that are most needed in their communities and that have the greatest impact on participant outcomes.

2. Actions the State has taken to remove state or local barriers.

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

3. State strategic goal(s) and Department of Labor priorities (e.g. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver.

Approval of this waiver request would allow TWC to address strategic opportunities and meet key state goals outlined in the [*Accelerating Alignment: Texas Workforce System Strategic Plan Fiscal Years 2024–2031*](#). This strategic plan also guides the state's implementation of Career and Technical Education (CTE) under the Carl D. Perkins Act (Perkins V), creating a unified vision for developing a skilled talent pipeline. Specifically, it contributes to the expansion of and access to work-based skills by allowing Boards to focus on the activities most valuable to local youth. By directing funds to occupational training and work experiences, including pre-apprenticeships, this waiver will expand work-based learning as a core education and training program preemployment strategy for youth, leveraging the foundational career pathways established through CTE programs funded under Perkins V. Furthermore, it supports the delivery of relevant education and training programs to meet employer demand by explicitly tying youth program funds to local in-demand industries and occupations.

This waiver will provide Boards with critical flexibility to strategically design youth programs that align with local economic conditions and the specific needs of their youth populations. While all 14 elements are valuable, requiring every local area to provide all of them can spread resources thinly, potentially diminishing the quality and impact of high-priority services. This waiver allows Boards to make deeper, more meaningful investments in key areas, such as work-experience and occupational skills training activities.

By concentrating resources, Boards can expand high-impact services like pre-apprenticeships, registered apprenticeship programs (RAPs), work experiences, and occupational training opportunities. This focused approach allows Boards to build robust talent pipelines in high-demand sectors and provide youth with clear pathways to economic self-sufficiency.

WIOA Youth Program Elements

This waiver request aligns with the following Department of Labor (DOL) policy priorities outlined in the [America's Talent Strategy: Building the Workforce for the Golden Age](#):

- **Pillar I: Industry-Driven Strategies.** By directing Boards' focus on employment-focused activities, Texas' youth programs will support the development of a "reliable talent pipeline" among the next generation of the state's workers.
- **Pillar IV: Accountability.** By allowing Boards to shift their focus from process to results, and by prioritizing work-based outcomes and activities aligned with local industry needs, Boards will see increased employment and post-secondary outcomes in all youth populations over time.
- **Pillar V: Flexibility & Innovation - Leveraging Statutory Authorities to Promote Flexibility and Innovation** identifies that DOL will promote new waivers to statutory requirements that are barriers to reform and innovation... [and] encourage states to propose innovative reforms that realign their workforce system to match the five strategic pillars..."

4. Projected programmatic outcomes resulting from implementation of the waiver.

Approval of this waiver will allow Boards to move from a compliance-driven service model to an impact-driven one. By concentrating funds on locally identified priorities, Boards can offer more intensive and higher quality services.

TWC expects this waiver will lead to an increase in the number of youth participating in high-quality work experience, pre-apprenticeship, and RAPs. Additionally, TWC anticipates increased achievement of occupational skills training that leads to a recognized postsecondary credential and entry into target occupations for youth resulting from the flexibility provided by this waiver. This strategic allocation of resources will ultimately improve performance outcomes and create a stronger talent pipeline for Texas employers.

5. Individuals, groups, or populations benefiting from the waiver.

- **Youth Participants** will receive more intensive and higher quality services in the program elements most critical to their success, particularly those participants from disadvantaged backgrounds or with multiple barriers to employment who benefit most from focused interventions.
- **Boards** will gain the flexibility to design innovative and responsive youth programs tailored to their community's unique needs without the administrative burden of ensuring universal availability of all 14 elements.
- **Employers** will benefit from a youth talent pipeline that is better prepared with the specific skills and work experience they require.
- **Training and Apprenticeship Providers** will be able to form deeper, more strategic partnerships with Boards that are making significant investments in their programs.

WIOA Youth Program Elements

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information.

Upon approval of this waiver request, TWC will communicate the waiver allowance to Boards and workforce system partner programs. TWC will monitor progress under this waiver by reviewing Board activities and reporting quarterly, through current monitoring and performance accountability systems. TWC will track expenditures and participation in key program elements like work experience and training to ensure the waiver is achieving its intended goal, including increased numbers of youth enrolled in training and work experience activities throughout the state. Waiver outcomes will be included in TWC's WIOA Annual Report.

If the state requests renewal of this waiver, TWC will provide the most recent data available.

7. Assurance of State's posting of the request for public comment and notification to affected Local Workforce Development Boards.

TWC uses a robust and collaborative process in developing all waiver requests to ensure workforce system partners and the public are involved in and able to provide input on waivers being sought by the Commission. As part of this process, TWC convened a WIOA waiver working group featuring representatives from Local Workforce Development Boards. The group reviews all TWC waiver requests and provides recommendations designed to enhance the impact of the Texas Workforce Solutions system on employers and individuals across the state. TWC's process also includes allowing Texas Workforce Investment Council staff the opportunity to review waiver requests. Finally, TWC posts waiver requests on the TWC website, in compliance with the Texas Open Meetings Act, providing all members of the public with the opportunity to provide comments during an open meeting of TWC's three-member Commission.

WIOA Waiver Request

WIOA Youth Program Elements

1. The statutory and/or regulatory requirements the State would like to waive.

The Texas Workforce Commission (TWC) is seeking a waiver of the requirement under WIOA §129(c)(2) and 20 CFR §681.470, which requires each local workforce development area (local area) to make all 14 WIOA youth program elements available to eligible youth. TWC requests this waiver to provide Local Workforce Development Boards (Boards) with the flexibility to focus youth funds on the program elements that are most needed in their communities and that have the greatest impact on participant outcomes.

2. Actions the State has taken to remove state or local barriers.

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

3. State strategic goal(s) and Department of Labor priorities (e.g. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver.

Approval of this waiver request would allow TWC to address strategic opportunities and meet key state goals outlined in the [*Accelerating Alignment: Texas Workforce System Strategic Plan Fiscal Years 2024–2031*](#). This strategic plan also guides the state's implementation of Career and Technical Education (CTE) under the Carl D. Perkins Act (Perkins V), creating a unified vision for developing a skilled talent pipeline. Specifically, it contributes to the expansion of and access to work-based skills by allowing Boards to focus on the activities most valuable to local youth. By directing funds to occupational training and work experiences, including pre-apprenticeships, this waiver will expand work-based learning as a core education and training program preemployment strategy for youth, leveraging the foundational career pathways established through CTE programs funded under Perkins V. Furthermore, it supports the delivery of relevant education and training programs to meet employer demand by explicitly tying youth program funds to local in-demand industries and occupations.

This waiver will provide Boards with critical flexibility to strategically design youth programs that align with local economic conditions and the specific needs of their youth populations. While all 14 elements are valuable, requiring every local area to provide all of them can spread resources thinly, potentially diminishing the quality and impact of high-priority services. This waiver allows Boards to make deeper, more meaningful investments in key areas, such as paid work-experience and occupational skills training activities.

By concentrating resources, Boards can expand high-impact services like pre-apprenticeships, registered apprenticeship programs (RAPs), work experiences, and occupational training opportunities. This focused approach allows Boards to build robust talent pipelines in high-demand sectors and provide youth with clear pathways to economic self-sufficiency.

This waiver request aligns with the following Department of Labor (DOL) policy priorities outlined in the [America's Talent Strategy: Building the Workforce for the Golden Age](#):

- **Pillar I: Industry-Driven Strategies.** By directing Boards' focus on employment-focused activities, Texas' youth programs will support the development of a "reliable talent pipeline" among the next generation of the state's workers.
- **Pillar IV: Accountability.** By allowing Boards to shift their focus from process to results, and by prioritizing work-based outcomes and activities aligned with local industry needs, Boards will see increased employment and post-secondary outcomes in all youth populations over time.
- **Pillar V: Flexibility & Innovation - Leveraging Statutory Authorities to Promote Flexibility and Innovation** identifies that DOL will promote new waivers to statutory requirements that are barriers to reform and innovation... [and] encourage states to propose innovative reforms that realign their workforce system to match the five strategic pillars..."

4. Projected programmatic outcomes resulting from implementation of the waiver.

Approval of this waiver will allow Boards to move from a compliance-driven service model to an impact-driven one. By concentrating funds on locally identified priorities, Boards can offer more intensive and higher quality services.

In 2025, Texas youth programs provided more than 64,000 individual services to Title I youth participants. More than 51 percent of those services were youth elements, and approximately 92 percent of the youth element services provided were one of the following:

- Alternative secondary school services or dropout recovery services
- Occupational skills training
- Paid and unpaid work experience
- Services that provide labor market information
- Support Services
- Follow-up Services

TWC anticipates that shifting the program focus to priority youth elements may result in the following additional service counts may result from this waiver:

- 133 - Alternative secondary school services or dropout recovery services
- 85 - Occupational skills training
- 130 - Paid and unpaid work experience
- 249 - Services that provide labor market information
- 303 - Support Services
- 158 – Follow-up Services

This waiver request reflects the current operational priorities of Texas' youth programs, and reflects the purposes of WIOA Title I, in that it focuses on providing activities that

- increase the employment, retention, and earnings of participants,
- increase attainment of recognized postsecondary credentials by participants, and
- improve the quality of the workforce, reduce welfare dependency, increase economic self-sufficiency, meet the skill requirements of employers, and enhance the productivity and competitiveness of the Nation.

TWC expects this waiver will lead to an increase in the number of youth participating in high-quality work experience, pre-apprenticeship, and RAPs. Additionally, TWC anticipates increased achievement of

occupational skills training that leads to a recognized postsecondary credential and entry into target occupations for youth resulting from the flexibility provided by this waiver. This strategic allocation of resources will ultimately improve performance outcomes and create a stronger talent pipeline for Texas employers.

5. Individuals, groups, or populations benefiting from the waiver.

- **Youth Participants** will receive more intensive and higher quality services in the program elements most critical to their success, particularly those participants from disadvantaged backgrounds or with multiple barriers to employment who benefit most from focused interventions.
- **Boards** will gain the flexibility to design innovative and responsive youth programs tailored to their community's unique needs without the administrative burden of ensuring universal availability of all 14 elements.
- **Employers** will benefit from a youth talent pipeline that is better prepared with the specific skills and work experience they require.
- **Training and Apprenticeship Providers** will be able to form deeper, more strategic partnerships with Boards that are making significant investments in their programs.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information.

Upon approval of this waiver request, TWC will communicate the waiver allowance to Boards and workforce system partner programs. TWC will monitor progress under this waiver by reviewing Board activities and reporting quarterly, through current monitoring and performance accountability systems. TWC will track expenditures and participation in key program elements like work experience and training to ensure the waiver is achieving its intended goal, including increased numbers of youth enrolled in training and work experience activities throughout the state. Waiver outcomes will be included in TWC's WIOA Annual Report.

If the state requests renewal of this waiver, TWC will provide the most recent data available.

7. Assurance of State's posting of the request for public comment and notification to affected Local Workforce Development Boards.

TWC uses a robust and collaborative process in developing all waiver requests to ensure workforce system partners and the public are involved in and able to provide input on waivers being sought by the Commission. As part of this process, TWC convened a WIOA waiver working group featuring representatives from Local Workforce Development Boards. The group reviews all TWC waiver requests and provides recommendations designed to enhance the impact of the Texas Workforce Solutions system on employers and individuals across the state. TWC's process also includes allowing Texas Workforce Investment Council staff the opportunity to review waiver requests. Finally, TWC posts waiver requests on the TWC website, in compliance with the Texas Open Meetings Act, providing all members of the public with the opportunity to provide comments during an open meeting of TWC's three-member Commission.

WIOA Waiver Request

Post-Exit Supportive Services for Adults and Dislocated Workers

1. The statutory and/or regulatory requirements the State would like to waive.

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2. Actions the State has taken to remove state or local barriers.

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

TWC will undertake the necessary case management system modifications to implement follow-up support services for Adult and DW program populations.

3. State strategic goal(s) and Department of Labor priorities (e.g. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver.

Approval of this waiver request would allow TWC to address strategic opportunities outlined in the [Accelerating Alignment: Texas Workforce System Strategic Plan Fiscal Years 2024–2031](#). Specifically, it enables TWC to expand and document its understanding of the support service needs of adults and dislocated workers, allowing the agency to construct a support service model that assists individuals to maintain employment.

The initial months of a new job are often the most precarious, especially for individuals with multiple barriers to employment. A minor, unexpected challenge (such as a car repair or a gap in childcare) can jeopardize continued employment. This waiver provides the flexibility to offer short-term, targeted assistance to help individuals overcome these hurdles and maintain their jobs.

A key goal is to address the transition from public assistance reliance to economic self-sufficiency. As these individuals secure higher earnings, they often lose essential benefits before they are financially stable, creating a crisis that can force them out of the workforce. By allowing the use of support services like temporary assistance with transportation, housing, or childcare, this waiver will help to bridge that gap for the most in-need Texans, promoting sustained employment and economic self-sufficiency.

WIOA recognizes the necessity of these supports for youth participants. Texas seeks to expand this flexibility to support adult and dislocated worker populations in this state.

This waiver request aligns with the following Department of Labor (DOL) policy priorities outlined in the [America's Talent Strategy: Building the Workforce for the Golden Age](#):

- **Pillar II: Worker Mobility - Engaging and Supporting the Disconnected Workforce** identifies that federal agencies will “explore flexibilities within their programs to help ease the benefits cliff and reduce the disincentive for career advancement, such as through waivers to allow for supportive services to be permissible as a follow-up service after the individual has obtained employment...”

- **Pillar V: Flexibility & Innovation - Leveraging Statutory Authorities to Promote Flexibility and Innovation** identifies that DOL will promote new waivers to statutory requirements that are barriers to reform and innovation... [and] encourage states to propose innovative reforms that realign their workforce system to match the five strategic pillars...”

4. Projected programmatic outcomes resulting from implementation of the waiver.

Approval of this waiver will empower Boards to provide a continuum of care that extends beyond job placement, directly supporting employment retention. By providing additional support during the critical initial period of employment, Boards can help participants secure their footing in the workforce.

Of nearly 6,000 individuals enrolled in 2025, more than 4,000 enrolled Title I adult and dislocated worker program participants were public assistance recipients at WIOA program entry, and more than 70 percent of those were recipients of Supplemental Nutrition Assistance Program (SNAP) funds. During 2025, for adult and dislocated workers:

- Support services accounted for 18.61 percent of total activities; and
- Follow-up services accounted for 6.37 percent of total activities.

Activities in the support service category were the second most provided WIOA activity (18.61 percent of all services), following assessment and planning activities (objective assessment, employment planning, and labor market information) by service count. More than 15,000 (nearly 80 percent) of the more than 20,000 total support activities provided were assistance with transportation.

For 2025, less than 20 percent (or 7,000) of adult and dislocated worker program exits included any follow-up activities.

TWC anticipates support services available after exit are likely to be provided at a similar rate to that provided during program participation. As an example, using those participants connected to public assistance programs, we might expect that 20 percent of those participants enrolled in follow-up may receive one or more support service. Nearly 70 percent of Texas’ adult and dislocated worker participants were public assistance recipients in 2025.

TWC anticipates serving 400 or more individuals under this waiver with a one-time, or repeating, support service during follow-up.

Based on current 2025 performance rates, TWC anticipates the waiver could increase the combined adult and dislocated worker fourth quarter post-exit employment rate by as much as 8 percent.

TWC expects this waiver to increase employment retention rates for Adult and Dislocated Worker participants, particularly in the second and fourth quarters after exit. We also anticipate a reduction in the number of individuals who return to public assistance shortly after employment, thereby strengthening the stability of the local workforce and providing a greater return on the public's investment in workforce training.

5. Individuals, groups, or populations benefiting from the waiver.

- **Adult and Dislocated Worker participants** who have successfully entered employment will have access to crucial support to maintain their jobs and navigate the transition to self-sufficiency.
- **Individuals transitioning off public assistance** may receive targeted support to prevent them from falling back into poverty after securing a job.
- **Employers** will benefit from reduced turnover costs and a more stable, reliable workforce.
- **Boards** will have an essential tool to improve long-term performance outcomes and better serve their communities.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information.

Upon DOL's approval of this waiver request, TWC will communicate the waiver allowance to Boards and workforce system partner programs. TWC will monitor progress under this waiver by reviewing financial and activity reporting submitted by the Boards, and through case management systems and standard monitoring processes.

TWC anticipates it may take several years of monitoring the provision of these services and analyzing employment retention data for participants who receive post-exit support to measure the waiver's effectiveness over the several proceeding program years and to fully understand the net positive benefits of implementing this waiver. Waiver outcomes will be included in TWC's WIOA Annual Report.

If the state requests renewal of this waiver, TWC will provide the most recent data available.

7. Assurance of State's posting of the request for public comment and notification to affected Local Workforce Development Boards.

TWC uses a robust and collaborative process in developing all waiver requests to ensure workforce system partners and the public are involved in and able to provide input on waivers being sought by the Commission. As part of this process, TWC convened a WIOA waiver working group featuring representatives from Local Workforce Development Boards. The group reviews all TWC waiver requests and provides recommendations designed to enhance the impact of the Texas Workforce Solutions system on employers and individuals across the state. TWC's process also includes allowing Texas Workforce Investment Council staff the opportunity to review waiver requests. Finally, TWC posts waiver requests on the TWC website, in compliance with the Texas Open Meetings Act, providing all members of the public with the opportunity to provide comments during an open meeting of TWC's three-member Commission.

WIOA Waiver Request

Out-of-School Youth Expenditure

1. The statutory and/or regulatory requirements the State would like to waive.

The Texas Workforce Commission (TWC) is seeking a waiver of the requirement under WIOA §129(a)(4)(A) and 20 CFR §681.410, which requires that states and local areas expend a minimum of 75 percent of youth formula funds on out-of-school youth (OSY). TWC is seeking a waiver to lower the 75 percent minimum OSY expenditure requirement to 50 percent for local area WIOA youth funds.

Additionally, TWC requests that the OSY expenditure requirement for local area funds apply statewide rather than to individual Local Workforce Development Board (Board) areas. This approach provides maximum flexibility for Boards to design and deliver services that meet the specific needs of their local youth populations.

2. Actions the State has taken to remove state or local barriers.

There are no state or local statutory or regulatory barriers that would impede implementation of the requested waiver.

3. State strategic goal(s) and Department of Labor priorities (e.g. expansion of apprenticeship, improved employer engagement, etc.) supported by the waiver.

Approval of this waiver request would allow TWC to address strategic opportunities and meet key state goals outlined in the [*Accelerating Alignment: Texas Workforce System Strategic Plan Fiscal Years 2024–2031*](#). Specifically, this waiver aligns with the Texas Workforce System's mission by developing more integrated program services that connect training and education with current and future employer needs. It also increases work-based learning and apprenticeships by empowering Boards to direct resources toward occupational training and employment-focused activities for the population most critical to Texas' future talent pipeline, many of whom are prepared through the state's robust career and technical education (CTE) system funded by Perkins V. Ultimately, this waiver improves system partner capacity and responsiveness, allowing Boards to align their programs with actual local youth demographics rather than a decade-old federal mandate.

This waiver will provide Boards with critical flexibility to address the specific needs of their youth populations, particularly in areas with a higher proportion of in-school youth (ISY) who could benefit from WIOA services. The Texas Workforce Investment Council [*Youth in Texas: A Demographic Study*](#) identified 1,841,359 Texas youth aged 16-19 (32.45 percent of the states' youth population) were enrolled in secondary education. The 75 percent expenditure requirement creates an administrative burden, forcing Boards to expend significant resources on outreach and recruitment for a small population rather than providing direct services to youth in need.

This waiver complements Texas' waiver for ISY Individual Training Accounts, as it allows Boards to allocate more funding to ISY services, including work experience, training, and apprenticeships. By allowing for a lower OSY expenditure rate and applying the measure at the state level, Boards with fewer

OSY can dedicate additional resources to help ISY stay in school, earn credentials, and focus on career pathways.

This waiver request aligns with the following Department of Labor (DOL) policy priorities outlined in the [America's Talent Strategy: Building the Workforce for the Golden Age](#):

- **Pillar I: Industry-Driven Strategies.** By allowing Boards to focus more funds toward ISYs, this waiver will “invest earlier and more intentionally in building career pathways...with exposure to real occupations and... industry-aligned training... opportunities that lead to in-demand jobs.”
- **Pillar V: Flexibility & Innovation - Leveraging Statutory Authorities to Promote Flexibility and Innovation** identifies that DOL will promote new waivers to statutory requirements that are barriers to reform and innovation... [and] encourage states to propose innovative reforms that realign their workforce system to match the five strategic pillars...”

4. Projected programmatic outcomes resulting from implementation of the waiver.

Approval of this waiver will allow Boards to more effectively allocate resources based on the demographic realities of their communities, leading to more efficient service delivery and better outcomes.

In 2025, Texas served more than 18,000 WIOA youth participants. Less than 11 percent of that population were in-school youth. Currently in Texas, the relative amount of out-of-school youth expenditures and service counts are very similar to each other (88 percent). Based on Texas utilization in previous years, TWC anticipates 20 percent more in-school youth enrollments are likely under the waiver.

A 20 percent shift from out-of-school to in-school youth enrollments under this waiver could result in over 3,500 additional annual in-school youth enrollments statewide. The current distribution of activities among youth statewide indicate the following in-school youth increases are possible:

- work experience – 750
- occupational training – 500
- credential rate – attainment rate increase of 285 more in-school youth.

Based on current Youth allocations and expenditures, this waiver could result in a shift of as much as \$22,000,000 to Texas' in-school youth programs.

TWC expects an increase in the number of ISY participating in high-quality work-based learning and training programs. This early engagement will reduce dropout rates and better prepare youth for postsecondary success. By shifting resources from challenging OSY recruitment efforts in some areas to direct services for a larger ISY population, the overall Texas workforce system will maximize the impact of its WIOA youth funds, serving more youth effectively and strengthening the talent pipeline for Texas employers.

5. Individuals, groups, or populations benefiting from the waiver.

- **In-School Youth**, particularly disadvantaged youth and individuals with multiple barriers to employment who can receive early intervention services to keep them on a path to success.
- **Local workforce development areas** with limited OSY populations will gain the flexibility to invest resources more efficiently.

- **Employers** will benefit from a better-prepared youth talent pipeline with relevant work experience and skills.
- **Local education agencies** that can build stronger partnerships with Boards to create integrated career pathway programs.

6. How the State plans to monitor waiver implementation, including collection of waiver outcome information.

Upon DOL's approval of this waiver request, TWC will communicate the waiver allowance to Boards and workforce system partner programs. TWC will monitor progress under this waiver by reviewing monthly performance reports submitted by the Boards, through regularly scheduled conference calls with Board executive directors, and through its monitoring and performance accountability system.

ISY engagement in training and work-based learning activities, will be annually measured using WorkInTexas.com, through:

- comparing quarterly ISY participant enrollments by Board (quarterly increase of ISY engaged);
- counting distinct services provided to ISY relating to youth elements identified in 20 CFR 683.460(a)(1-4).

Waiver outcomes will be included in TWC's WIOA Annual Report.

If the state requests renewal of this waiver, TWC will provide the most recent data available.

7. Assurance of State's posting of the request for public comment and notification to affected Local Workforce Development Boards

TWC uses a robust and collaborative process in developing all waiver requests to ensure workforce system partners and the public are involved in and able to provide input on waivers being sought by the Commission. As part of this process, TWC convened a WIOA waiver working group featuring representatives from Local Workforce Development Boards. The group reviews all TWC waiver requests and provides recommendations designed to enhance the impact of the Texas Workforce Solutions system on employers and individuals across the state. TWC's process also includes allowing Texas Workforce Investment Council staff the opportunity to review waiver requests. Finally, TWC posts waiver requests on the TWC website, in compliance with the Texas Open Meetings Act, providing all members of the public with the opportunity to provide comments during an open meeting of TWC's three-member Commission.