U.S. Department of Labor

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

June 3, 2026

The Honorable Bob Ferguson
Governor of Washington
PO Box 40002
Olympia, WA 98504-0002

Dear Governor Ferguson:

Thank you for your waiver request submission to the U.S. Department of Labor (Department) regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver request was received on April 15, 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 Washington will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Washington 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).

<u>Requested Waiver</u>: 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).

<u>ETA Response</u>: ETA approves for Program Year (PY) 2026 and 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the requirement that the State expend 75 percent of Governor's reserve youth funds on OSY. ETA reviewed the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of the State to implement its plan to improve the workforce development system. The State may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2026 and PY 2027, which includes the entire time period for which states are authorized to spend each of those PY fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. The State may lower the local youth funds expenditure requirement to 50 percent for OSY.

The State is reminded that WIOA Title I waivers may not be used for any discriminatory purposes. All activities and waiver plan provisions must comply with Section 188 of WIOA, the implementing regulations at 29 CFR Part 38, and all applicable federal nondiscrimination laws.

The State must report its waiver outcomes and implementation of the approved waivers in the WIOA Annual Report. ETA will use this information to assess continued waiver approval and to identify promising practices that may be adopted more widely. ETA is available to provide technical assistance to you in support of your goals. If you have questions, feel free to contact my office at (202) 693-2772.

Sincerely,

Henry Mack

Henry Mack, Ed.D.
Assistant Secretary

Enclosures

cc: Cami Feek, Commissioner, Washington Employment Security Department
Dr. Tamika Ledbetter, San Francisco Regional Administrator, ETA
Paul Castro-Rodriguez, Federal Project Officer, ETA

Washington 2026 State Plan Modification
Waiver Request
Received April 15, 2026

Requested waiver

Waiver of the requirement at WIOA Section 129(a)(4) and 20 CFR 681.410 that not less than 75 percent of Title I-B youth funds be expended on out-of-school youth (OSY). Washington requests renewal of authority to maintain a 50 percent OSY expenditure requirement at the state, local, and statewide activity levels

Statutory and Regulatory Requirements to be Waived

WIOA Section 129(a)(4) and 20 CFR 681.410. The State seeks continued flexibility to reduce the OSY expenditure floor from 75 percent to 50 percent in order to expand service capacity for in-school youth (ISY) while maintaining OSY as a priority population.

Washington has met federal youth expenditure requirements; however, this waiver allows local workforce development boards (LWDBs) to respond to varying youth population needs and better align investments with Washington's Combined State Plan, Talent and Prosperity for All. The waiver supports reducing dropout rates, increasing secondary and postsecondary credential attainment, and strengthening career pathways aligned with in-demand industries. The goal is to remove structural funding constraints that limit early intervention with in-school youth who are at risk of disengagement, thereby strengthening long-term employment and credential outcomes.

State or Local Statutory Barriers

There are no State or local statutory or regulatory barriers to implementation. State compliance policies meet federal requirements, and youth expenditure policies have already been aligned with the waiver following its initial approval.

Strategic Goals and Expected Programmatic Outcomes

The waiver is intended to:

- Increase the ratio of ISY enrollment to OSY enrollment and increase engagement with secondary CTE programs and postsecondary institutions.
- Improve measurable skills gains and overall youth performance outcomes, including a 7% increase in measurable skills gains compared to the prior year.
- Strengthen partnerships with K–12 districts and post-secondary opportunities, such as apprenticeships, colleges, and universities and expand provider participation.

- Maintain strong OSY service delivery while allowing flexibility in OSY/ISY ratios based on documented need.

In PY2024, the ratio of in-school-youth to out-of-school youth increased nearly 2% over PY2023. Trend lines for youth performance indicators are up nearly 10% across core measures from PY2023 to PY2024. PY25 second quarter data shows we're on track to maintain a nearly consistent ratio of ISY to OSY individuals served. However, the statewide 10% reduction in youth funds in PY2025 may impact these outcomes. To-date, five of the twelve LWDBs have embraced the flexibility of the current waiver; some LDWBs have expanded or pivoted to different sub-providers that are better positioned to support higher caseloads of in-school-youth.

Local boards such as Eastern, Seattle-King, Olympic, and South Central have piloted innovative OSY/ISY ratios, some approaching 50/50, to strengthen connections with CTE and postsecondary partners. Youth in rural regions of the state, including Eastern and Olympic, are most benefiting from this waiver flexibility, per LWDB quarterly reporting to ESD. While K-12 connections are bolstered by this opportunity, we are also seeing greater support of post-secondary pathways, including college and apprenticeships.

Alignment with Department Policy Priorities

This waiver advances Department priorities by:

- Supporting employer engagement through strengthened career pathway programming tied to in-demand sectors. (Golden Age Pillar II)
- Connecting education and training strategies through formal partnerships with K–12 CTE programs and postsecondary institutions. (Golden Age Pillar IV)
- Supporting work-based learning through youth work experience and career pathway models. (Golden Age Pillar II)
- Improving job and career results through increased credential attainment and measurable skills gains. (Golden Age Pillar IV)
- Advancing barrier removal by allowing earlier intervention before youth disengage from school. (Golden Age Pillar III)

Individuals Impacted by the Waiver

- In-school youth at risk of disengagement, especially rural youth;
- Out-of-school youth requiring re-engagement services;
- Local workforce boards and youth providers;

- Secondary and postsecondary education partners;
- Employers seeking entry-level talent aligned with regional demand;
- Families and communities benefiting from improved education-to-employment transitions

Monitoring, Reporting, and Oversight

The State Workforce Board (WTB) and Employment Security Department (ESD) will continue quarterly monitoring of expenditure ratios, enrollments, and federal performance indicators using state and federal accountability systems. Local contracts and fiscal reviews will evaluate waiver utilization and outcomes. Waiver results and expenditure data will be collected and reported in Washington's WIOA Annual Report, including measurable skills gains, enrollment ratios, and education-to-employment outcomes.

Notice and Opportunity for Comment

The waiver renewal request will be incorporated into the WIOA State Plan modification and made available for public review as part of the required 30-day comment period. The complete plan, including this waiver renewal request, will be posted on the Workforce Training and Education Coordinating Board (WTB) website to ensure stakeholders have the opportunity to review and provide input prior to submission of the State Plan modification.

The State will circulate notice of the plan modification and waiver renewal through partner networks, including local workforce development boards, state agency partners, businesses, organized labor, service providers, and training and education partners. Board members will also use their professional networks to ensure broad awareness across the workforce system and among job seekers.

All public comments will be submitted through a standardized comment form linked directly from the WTB webpage posting. Submissions will be sent to a shared TAP email address accessible to staff responsible for reviewing, editing, and submitting the State Plan modification, ensuring all feedback is received, tracked, and considered prior to final submission. This approach ensures meaningful opportunity for review and input from business, labor, and other stakeholders as part of the State's established plan modification procedures.

Results from Implementation of the Existing Waiver

Under the current waiver authority, Washington has increased the ratio of ISY to OSY enrollments, strengthened partnerships with K–12 CTE and postsecondary institutions, and improved performance outcomes. PY2024 measurable skills gains increased by 7 percent from PY2023 in the first year of this waiver flexibility.

ISY enrollments are projected to increase, especially in rural regions of the state, such as Eastern and Olympic, with expanded service provider participation. These outcomes demonstrate that the waiver has removed structural funding barriers, strengthened early intervention, and improved alignment between education and workforce systems while maintaining strong service levels for OSY. This waiver remains consistent with WIOA statutory intent and supports Washington's strategy to remove barriers, strengthen education-to-career pathways, and improve long-term employment outcomes for youth statewide.