

**U.S. Department of Labor**

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



May 31, 2024

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

Dear Governor Cooper:

Thank you for your waiver request submission to the U.S. Department of Labor regarding certain statutory and regulatory provisions of the Workforce Innovation and Opportunity Act (WIOA) and the accompanying plan to improve the statewide workforce development system (enclosed). The waiver request was received March 5, 2024, as part of your recent WIOA State Plan submission. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that North Carolina will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by North Carolina and ETA. This action is taken under the Secretary of Labor's authority to waive certain requirements of WIOA Title I, Subtitles A, B, and E, and Sections 8–10 of the Wagner-Peyser Act in WIOA Section 189(i).

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

ETA Response: ETA approves for Program Year (PY) 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those Program Year 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 North Carolina's waiver request and plan and has determined that the requirements requested to be waived impede the ability of North Carolina to implement its plan to improve the workforce development system. North Carolina may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2024 and PY 2025, which includes the entire time period for which states are authorized to spend each of those Program Year fund allotments, the State's request to waive the requirement that local areas expend 75 percent of local youth formula funds on OSY. North Carolina may lower the local youth funds expenditure requirement to 50 percent for OSY. As a result of this waiver, ETA expects that the number of in-school youth (ISY) served will increase, and performance accountability outcomes for overall WIOA Youth (including both ISY and OSY) will remain steady or increase for the majority of the WIOA Youth performance indicators.

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

Sincerely,

A handwritten signature in blue ink that reads "José Javier Rodríguez". The signature is written in a cursive style with a large initial "J" and "R".

José Javier Rodríguez

Enclosure

cc: Annie T. Gomez, North Carolina Department of Commerce  
Kimberly Staley, ETA Regional Administrator – Atlanta Region  
Michelle McKinney, ETA Federal Project Officer

## **North Carolina 2024 State Plan Waiver**

The North Carolina Division of Workforce Solutions (DWS) is seeking a waiver of the requirement under WIOA §129(a)(4) and 20 CFR 681.410 that the state and local workforce areas spend no less than 75 percent of youth funds to provide services to Out-of-School Youth (OSY).

The North Carolina Division of Workforce Solutions (DWS) is requesting this waiver in order to allow flexibility to lower the expenditure requirement of OSY Formula funding from 75% to 50%, for both statewide and local activities, based on service needs of the Youth population.

North Carolina's goal is to increase the number of ISY served, which will increase at risk ISY's access to opportunities to education, training, employment, and support services. This goal directly relates to goals and strategies outlined in the strategic plan.

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

North Carolina's goal is to increase the number of ISY served by 10%, which would be approximately 727 ISY for PY 23-24. As a result of more ISY served, the programmatic outcomes include an increase in the obtainment of industry recognized credentials and an increase in measurable skills gains obtained by ISY.

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

Approval of this waiver would permit Boards the opportunity to determine how best to meet the educational and training needs of youth, regardless of school status, and specific to the population, geographical location, and economic and employment conditions of each local area. Increasing outreach to ISY while

maintaining a focus on serving OSY will help develop a larger pool of young people qualified and prepared to meet the current and future needs of employers in their workforce areas and throughout the state.

The decreased requirement in OSY expenditures to 50% and increase of ISY expenditures to 50% will affect multiple populations of the public workforce system, including, but not limited to:

- North Carolina's at-risk and disadvantaged youth population who face barriers to education, training, and employment;
- Local Workforce Boards through increased flexibility to develop unique solutions to better serve youth according to local conditions; and
- Number of ISY served who meet one or more of the following WIOA defined ISY barriers:
  - Justice involved;
  - Homeless individual; a homeless child or youth; a runaway; in foster care or has aged out of the foster care system; a child eligible for assistance under Section 477 of the Social Security Act, or in out-of-home placement; or
  - Pregnant and parenting

While all boards may not choose to utilize this waiver, DWS anticipates that the implementation of this waiver will allow North Carolina to increase ISY enrollments by 10% which will lead to an increase in the number of ISY that obtain measurable skills gains and industry recognized credentials.

Annual WIOA programmatic reviews will include an evaluation of the impact of the waiver on local programs to ensure programmatic goals and outcomes are being met and implementing the waiver. these strategies will ensure that our goals mentioned in this request, as well as those outlined in the existing state and local WIOA plans, are consistent with the established objectives of WIOA, and federal and state regulations.

**Prior to this waiver request, all local workforce development board directors were notified of the intent of this request and have been provided an opportunity to comment during the public review and comment period.**

**All boards have had the opportunity to comment on the waiver directly to the DWS staff when provided notice and during the public comment period.**

**The meaningful public comment period is provided along with the posting and notification of the unified state plan, this includes an opportunity for comments by business and organized labor during the unified state plan public comment period.**

**DWS will submit any findings with the annual WIOA report.**

While North Carolina does not have data for Program Year 2023, which began on July 1, 2023,

the chart provided below details the number of ISY served, as well as the number of ISY that received industry recognized credentials and obtained measurable skills gains for Program Years 2019 – 2022.

<b>Program Year</b>	<b>Number of ISY Served</b>	<b>Number of ISY that received Credentials</b>	<b>Number of ISY that obtained Measurable Skills Gains</b>
PY 19-20	823	317	352
PY 20-21	668	259	301
PY 21-22	654	188	322
PY 22-23	661	137	341