

U.S. Department of Labor

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



October 24, 2022

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

Dear Governor Cooper:

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 August 18, 2022. 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'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) 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, 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 North Carolina to implement its plan to improve the workforce development system. North Carolina may lower the Governor's reserve youth funds expenditure requirement to 50 percent for OSY.

In addition, ETA approves for PY 2022 and PY 2023, which includes the entire time period for which states are authorized to spend those funds, 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 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 black ink, appearing to read 'B. Parton', with a horizontal line extending to the right.

Brent Parton
Acting Assistant Secretary

Enclosure

cc: Chet Mottershead, Assistant Secretary, North Carolina Department of Commerce,
Division of Workforce Solutions
Renata Adjibodou, Acting Atlanta Regional Administrator, ETA
Latanya Lowery, Federal Project Officer, ETA

North Carolina Department of Commerce, Division of Workforce Solutions Workforce Innovation and Opportunity Act (WIOA) Waiver Request

1. Statutory and/or regulatory requirements the State would like to Waive:

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.

2. Actions the State has undertaken to remove State or local barriers

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.

3. State strategic goal(s) and Department of Labor priorities supported by the Waiver

- (A) supporting employer engagement;**
- (B) connecting education and training strategies;**
- (C) supporting work-based learning;**
- (D) improving job and career results, and**
- (E) other guidance issued by the Department.**

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.

4. How the waiver complements DOL priorities (i.e. expansion of apprenticeship, improved employer engagement, etc.)

This waiver complements DOL priorities in that it:

- focuses on ensuring that eligible youth achieve secondary and postsecondary educational success;
- increases youths' access to opportunities for the educational, training, employment, and supportive services needs;
- aligns with WIOA's intent by supporting career pathways and the preparation of young people for in-demand careers; and
- ensures that ISY do not fall into an at-risk category because of expenditure restrictions.

5. Projected programmatic outcomes resulting from implementation of the Waiver

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 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 – 2021.

Program Year	Number of ISY Served	Number of ISY that received Credentials	Number of ISY that obtained Measurable Skills Gains
PY 19-20	823	317	352
PY 20-21	668	259	301
PY 21-22	654	188	322

While it can be hard to provide an exact number, DWS expects that the ability to serve more ISY could have a variety of positive effects for program participants, including:

- an increase in the number of ISY served by 10%, which would be approximately 787 ISY for PY 22-23;
- given the increase in ISY served, we project an increase in the obtainment of industry recognized credentials by ISY; and
- given the increase in ISY served, we project an increase in measurable skills gains obtained by ISY.

While all boards may not choose to utilize this waiver, DWS anticipates that the implementation of this waiver will allow North Carolina to see a 10% increase in the total number of ISY served who meet the WIOA defined youth barriers related to foster care, pregnant and parenting, justice involved, and or homelessness.

6. Individuals, Groups or Populations benefiting from the Waiver

The decreased requirement in OSY 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.

7. How the State plans to Monitor Waiver Implementation, including the collection of Waiver outcome information

DWS has communicated the waiver allowance to the workforce boards and workforce system partners. 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. North Carolina's Youth Services Lead will also continually examine the effectiveness of the waiver throughout the program year. 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.

8. Assurance of State posting of the requests for public comment and notification to affected Local Workforce Development Boards

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. The public comment period was completed on August 9, 2022.