



Directive

Date: February 4, 2025 Number: WSD24-14



WIOA Waiver Guidance

Executive Summary

This policy provides the guidance and establishes the procedures regarding implementing and using Workforce Innovation and Opportunity Act (WIOA) waivers approved by the US Department of Labor (DOL). This policy applies to Local Workforce Development Boards (Local Board), and is effective immediately.

This policy contains only state-imposed requirements.

This Directive finalizes Workforce Services Draft Directive *WIOA Waiver Guidance* (WSD24-267), issued for comment on November 15, 2024. The Workforce Development Community did not submit any comments during the draft comment period.

This policy supersedes Workforce Services Directive *WIOA Waiver Guidance* (WSD24-01), dated July 16, 2024. This Directive remains active until further notice.

References

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- WIOA (Public Law 113-128) Sections 3, 129, 134, and 189
 - Title 20 Code of Federal Regulations (CFR), Part 680: Adult and Dislocated Worker Activities Under Title I of the WIOA, Section 680.190
 - Training and Employment Guidance Letter (TEGL) 08-18, *WIOA Title I and Wager-Peyser Act Waiver Requirements and Request Process* (December 19, 2018)

Background

In order to provide Local Boards with additional flexibility when assisting individuals from the most vulnerable populations and with high barriers to employment, and as part of the California 2024-2027 Unified Strategic Workforce Development Plan ([State Plan](#)), the California Workforce Development Board (CWDB) and the Employment Development Department (EDD) requested and were approved for three WIOA waivers from the DOL:

- **Waiver of WIOA Section 134(d)(5)**
This waiver allows up to 30 percent of WIOA Title I adult and dislocated worker local formula funds to be used for the provision of transitional jobs.
- **Waiver of WIOA Section 134(c)(3)(H)(i)**
This waiver allows up to 90 percent reimbursement of on-the-job training (OJT) costs for businesses with 50 or fewer employees.
- **Waiver of WIOA Section 129(a)(4)(A)**
This waiver allows the decrease of the out-of-school youth (OSY) expenditure requirement from 75 percent to 50 percent.

Policy and Procedures

Under the DOL Secretary's waiver authority outlined in WIOA Section 189(i)(3)(A) and detailed in TEGL 08-18, the Secretary may waive certain provisions of WIOA Title I. Part of the waiver lifecycle requires states to estimate and then regularly assess whether the waiver is successfully achieving state goals.

As the goal of waivers is to provide opportunities to innovate and experiment with new approaches to service delivery, states with approved waivers must provide detailed reports in the WIOA Annual Statewide Performance Report Narrative ([WIOA Annual Report \[PDF\]](#)) addressing the waivers' impact and outcomes. The DOL will consider outcome information as part of the criteria for granting renewal of a waiver, if requested.

The following waivers were approved as part of the State Plan and may be used by Local Boards from July 1, 2025 – June 30, 2026 (Program Year [PY] 25-26).

Transitional Jobs Waiver

Under 20 CFR 680.190, a transitional job is one that provides time-limited work experience, that is wage-paid and subsidized and in the public, private, or non-profit sectors for individuals with barriers to employment who are chronically unemployed or have inconsistent work history, as determined by the Local Board. These jobs are designed to enable an individual to establish a work history, demonstrate work success in an employee-employer relationship, and develop skills that lead to unsubsidized employment.

WIOA Section 134(d)(5) states that a Local Board may use up to 10 percent of their combined WIOA Title I adult and dislocated workers formula funds for the provision of transitional jobs. The transitional jobs waiver allows up to 30 percent of a Local Board's combined WIOA Title I adult and dislocated workers formula funds to be used for the provision of transitional jobs.

Subsidized employment is a proven tool for encouraging employers to hire new employees, especially individuals with barriers to employment, to meet new and changing economic demands, and can be mutually beneficial for job seekers and employers. Due to the economic impact of the COVID-19 pandemic, utilizing transitional job placements could be a critical service delivery strategy, especially for participants with significant barriers to employment who are struggling to attach or reattach to the labor market.

The transitional jobs waiver provides Local Boards with increased flexibility to provide transitional employment to individuals with barriers to employment to gain income and work experience. Utilizing this waiver could also assist employers who may need to hire additional employees to adjust and meet new service standards and operating procedures.

Projected Programmatic Outcome

As part of the waiver request, California projected that increasing the percentage of adult and dislocated worker funds spent on transitional jobs will lead to an estimated 10 percent increase in the number of adults and dislocated workers placed in transitional jobs for each full (PY) the waiver is in effect.

While Local Boards will not be sanctioned if they do not meet the 10 percent increase, not meeting the target could impact the state's ability to renew this waiver in the future.

On-the-Job Training Waiver

Under WIOA Section 3(44), OJT is training provided by the employer to be a paid participant. At the same time, they are engaged in productive work in a job that provides knowledge or skills essential to the full and adequate performance of the job. It is also limited in duration as appropriate to the occupation for which the participant is being trained, the content of the training, considering the prior work experience, and the service strategy of the participant.

Under WIOA Section 134(c)(3)(H)(i), a Local Board may reimburse the employer up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the training. This waiver would allow Local Boards to reimburse up to 90 percent of the wage rate of an OJT participant for the extraordinary costs of providing training and additional supervision related to the training if the business has 50 or fewer employees.

Most businesses in California are small businesses that have drastically modified their service-delivery methods and procedures to adapt to the COVID-19 pandemic. In addition to changing business practices, small businesses have adjusted to a decrease in supply and access to goods, services, employees, and patrons, while simultaneously acclimating to changes in demand and increasing the production of crucial goods and services. This waiver would allow Local Boards to provide additional relief to small businesses that may be more risk-averse when it comes to hiring and training new employees during this time of economic instability.

Projected Programmatic Outcome

As part of the waiver request, California projected that increasing the OJT reimbursement rate for businesses with 50 or fewer employees would lead to a 25 percent increase in the number of adults and dislocated workers placed in OJT with small businesses for each full PY the waiver is in effect.

While Local Boards will not be sanctioned if they do not meet or exceed the 25 percent increase, not meeting this goal could impact the state's ability to renew this waiver in the future.

Local Boards approved to use this waiver will be required to ensure the waiver is only applied to businesses with 50 or fewer employees. While the state will not dictate how this verification occurs, Local Boards must retain records that show adherence to this requirement (e.g., validate employer account number, verify with Dun & Bradstreet Corp, etc.).

Out-of-School Youth Expenditure Waiver

According to WIOA Section 129(a)(1)(B), an OSY means an individual who is not attending any school, is not younger than age 16 or older than age 24, and is one or more of the following:

- A school dropout.
- A youth who is within the age of compulsory school attendance but has not attended school for at least the most recent complete school year calendar quarter.
- A recipient of a secondary school diploma or its recognized equivalent who is a low-income individual and is basic skills deficient or an English language learner.
- An individual who is subject to the juvenile or adult justice system.
- A homeless individual, a runaway, in foster care, or who has aged out of the foster care system, a child eligible for assistance under Section 477 of the *Social Security Act*, or in an out-of-home placement.
- An individual who is pregnant or parenting.
- A youth who is an individual with a disability.
- A low-income individual who requires additional assistance to enter or complete an educational program or to secure or hold employment.

Under WIOA Section 129(a)(4)(A), Local Boards are required to spend at least 75 percent of their WIOA youth formula allocation on youth workforce investment activities for OSY. This waiver would allow a Local Board to decrease their OSY expenditure requirement from 75 percent to 50 percent to increase their in-school youth (ISY) enrollments of systems-involved youth, specifically youth who are homeless, in foster care, or are justice-involved.

Projected Programmatic Outcome

As part of the waiver request, California projected that Local Boards that apply for and use the waiver will see an increase of approximately 15 percent in the total number of ISY they enroll who meet the WIOA-defined youth barriers related to foster care, justice-involved, and/or homelessness.

While Local Boards will not be sanctioned if they do not meet or exceed the 15 percent increase, not meeting the target could impact the state’s ability to review this waiver.

Waiver Application Process

The DOL requires the state to evaluate the effectiveness of waivers as part of the WIOA Annual Report. Therefore, the state must track which Local Boards are using the waivers.

To use any of the three approved waivers, Local Boards must apply. Electronic signatures on the applications will be accepted. Additionally, to comply with the DOL requirements, applications must be completed and approved every year the waiver is in effect. To establish consistency and afford Local Boards ample time to meet competing Directive deadlines, the CWDB anticipates very minimal changes to the content of the waiver applications each year.

Applications for PY 25-26 are due by **May 16, 2025**, and must be electronically signed by the Local Board Executive Director and submitted electronically to PolicyUnit@cwdb.ca.gov. Please include “WIOA Waiver Request Application” in the subject line. The CWDB will review the applications and notify Local Boards of their approval or denial through email by June 6, 2025.

Action

Bring this Directive to the attention of the local Chief Elected Official, Local Board, and appropriate staff.

Inquiries

If you have any questions, contact the CWDB at PolicyUnit@cwdb.ca.gov.

/s/ JAVIER ROMERO, Deputy Director
Workforce Services Branch

Attachments:

1. [Application for Transitional Jobs Waiver \(DOCX\)](#)
2. [Application for On-the-Job Training Waiver \(DOCX\)](#)
3. [Application for Out-of-School Youth Waiver \(DOCX\)](#)

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.
