

U.S. Department of Labor

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



January 26, 2026

The Honorable Tina Kotek
Governor of Oregon
900 Court Street
Suite 254
Salem, OR 97301-4047

Dear Governor Kotek:

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 on September 30, 2025, as part of your recent WIOA State Plan modification. This letter provides the Employment and Training Administration's (ETA) official response to your request and memorializes that Oregon will meet the outcomes and implement the measures identified in its plan to ensure accountability agreed to by Oregon 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 Years (PY) 2025, 2026, and 2027, 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 the State's waiver request and plan and has determined that the requirements requested to be waived impede the ability of Oregon to implement its plan to improve the workforce development system. Oregon may lower the expenditure requirement of Governor's reserve funds to 50 percent for OSY.

In addition, ETA approves for PY 2025, PY 2026, and PY 2027, 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. Oregon 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 "Henry Mack". The signature is written in a cursive style with a large initial "H".

Henry Mack

Enclosure

cc: Julia Steinberger, Director, Higher Education and Coordinating Commission (HECC)
Kurt Tackman, Deputy Director, Higher Education Coordinating Commission (HECC)
Todd Nell, Director, Oregon Workforce Talent and Development Board (WTDB)
Tamika Ledbetter, Regional Administrator, ETA
Noel Woods, Federal Project Officer, ETA



Oregon

Tina Kotek, Governor

Higher Education Coordinating Commission

Office of Workforce Investments

3225 25th Street SE Salem,

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September 30, 2025

To Whom it May Concern,

This document serves as a cover letter to Oregon's WIOA Waiver Request: *Requirement that 75% of funds available to local areas shall be used to provide workforce investment activities for out-of-school youth*, effective beginning in Program Year 2025 (July 1, 2025).

Please find attached our state-developed document detailing the request and addressing the elements required by WIOA and the final regulations.

We look forward to the Employment and Training Administration's review and response.

Respectfully,

Kurt Tackman Deputy
Director
Office of Workforce Investments
Higher Education Coordinating Commission

Ec: Julia Steinberger, Director, OWI Todd
Nell, Director, WTDB

The State of Oregon

The State of Oregon respectfully requests a waiver from the U.S. Department of Labor pursuant to Section 129(a)(4)(A) of the Workforce Innovation and Opportunity Act (WIOA) and 20 CFR 681.410. These provisions require that not less than 75% of youth formula funds be used to provide services to out-of-school youth (OSY).

Oregon seeks a waiver for Program Years (PY) 2025 through 2027 to:

- Lower the OSY expenditure requirement from 75% to 50% for local areas.
- Lower the OSY expenditure requirement from 75% to 50% for statewide activities.

This waiver would allow greater flexibility to serve in-school youth (ISY) at significant risk of disconnection due to persistent academic, social, and economic impacts stemming from the COVID-19 pandemic and pre-existing structural inequities.

Rationale for the Waiver

Oregon's experience with this waiver during PY 2023–2024 has reinforced the value of early intervention strategies for in-school youth (ISY). Although the waiver was approved later in the program year, leaving local areas only a few months to begin implementing the flexibility, it still highlighted strong interest and potential for expanded ISY services. The lingering effects of the COVID-19 pandemic, including learning loss, chronic absenteeism, and widespread disengagement, continue to challenge Oregon's youth and education systems. This underscores the need for a multi-year waiver period to allow for thoughtful planning, stronger implementation, and deeper impact.

Recent data from the Oregon Department of Education (ODE) confirm the continued and disproportionate impact on vulnerable populations:

- Public school enrollment declined by nearly **16,000 students between 2020 and 2024**.
[Source: ODE Student Enrollment Reports 2020-2024](#)
- **Students of color, youth in foster care, and students with disabilities** experienced higher rates of disengagement and disproportionate loss of instructional time.
- In 2023–2024, only **67.7% of all students were considered regular attenders**, defined as attending more than 90% of enrolled school days. Rates were even lower for these populations:
 - Foster youth: **69%**
 - Low-income students: **57.6%**
 - Students with disabilities: **63.5%**

[Source: ODE Regular Attenders Report 2023–24](#)

- **Rural students experiencing poverty** are dropping out at nearly **twice the rate of their urban peers**: 9.59% compared to 5.45%.

[Source: ODE Dropout Tables 2023–24](#)

Local Workforce Development Boards (LWDBs) consistently report that early outreach to ISY is more

effective, scalable, and sustainable than re-engagement efforts after dropout. Prevention-oriented programming is also more cost-effective and yields stronger long-term educational and workforce outcomes.

Strategic Goals and Alignment

In line with WIOA's purpose to support youth access to education, training, and meaningful employment, Oregon's goals for this waiver include:

Goal 1: Reach more ISY in rural communities, youth of color, youth from low-income households, and youth with disabilities.

In remote areas of Oregon, schools provide the most reliable access to students. Once students leave school, it becomes far more challenging to locate and re-engage them. This waiver will allow WIOA programs to coordinate services with school systems and community-based organizations while students are still enrolled, especially in rural and frontier communities.

Goal 2: Establish stronger school-to-career connections through work-based learning, mentoring, and early exposure to industry.

Oregon will align this waiver with the Oregon Youth Employment Program (OYEP), the state's Career-Connected Learning Framework, and other postsecondary and workforce readiness strategies. Preparing youth for the workforce, including early skill development and access to internships or bridge programs, is essential for long-term success.

Program Enhancements Under the Waiver

If approved, this waiver will support the following strategies across Oregon:

- **Targeted ISY Outreach:** LWDBs will work with schools, alternative education programs, and youth-serving nonprofits to identify and engage ISY who are chronically absent or at risk of dropping out.
- **Career Pathway Navigation:** Programs will offer robust career exploration, soft skill development, and industry-aligned bridge programs.
- **Work-Based Learning Expansion:** Increased access to paid internships, summer employment, pre-apprenticeships, and other experiential learning opportunities.
- **Mentoring and Wraparound Supports:** Youth will benefit from coordinated mentorships, transportation assistance, mental health resources, and support services.

Anticipated Outcomes

Oregon anticipates measurable improvements in youth program access and performance as a result of continued waiver flexibility.

- **Increased ISY Enrollment:** Based on PY 2021–2023 trends, Oregon projects a 20% average increase in ISY enrollment across local areas, resulting in approximately 520–750 ISY served annually by the end of PY 2027.
- **Improved Measurable Skill Gains (MSG):** Building on current MSG performance (68.8% in PY 2023), Oregon expects a staggered increase of +1% annually, supported by early intervention and expanded academic support services.
- **Increased Credential Attainment:** Following a notable dip to 52% in PY 2023, Oregon aims to stabilize and raise credential attainment through stronger alignment with high school completion strategies, bridge programs, and pre-apprenticeships.
- **Widespread Local Interest and Future Participation:** Although the PY 2023–2024 waiver was approved late in the program year, leaving limited time for implementation, local areas expressed strong interest in the flexibility it offered. As a result, several Local Workforce Development Boards (LWDBs) began preliminary planning and partnership discussions but did not have sufficient runway to launch new activities within the remaining timeframe. All nine (9) LWDBs have now expressed interest or intent to utilize the waiver in PYs 2025 to 2027. A multi-year approval will allow for full integration into local planning, coordination with school systems, and the development of sustainable in-school programming.

Metric	PY 2025	PY 2026	PY 2027	Change from Baseline*
ISY served yearly	520	624	748	+20% avg. increase
% of funds for ISY	50%	50%	50%	N/A
Measurable Skill Gains	+1%	+2%	+3%	From 68.8% in PY2023
Credential Attainment	+1%	+2%	+3%	From 52.0% in PY 2023

*Baseline = PY 2023 data for MSG and credential attainment.

Individuals, Groups, or Populations Impacted by the Waiver:

This waiver will significantly benefit:

- Oregon’s at-risk youth
- Low-income families
- Rural and frontier communities
- Youth with disabilities
- Foster youth and youth experiencing homelessness
- Local workforce boards, schools, and service providers

By preventing school disconnection and reducing the risk of students becoming OSY, the waiver supports improved access to workforce and educational services for youth across the state.

Monitoring and Evaluation

The State of Oregon will monitor implementation of this waiver using a multi-pronged approach that includes both programmatic oversight and analysis of service delivery across demographic and geographic areas. Specifically, the state will:

- Conduct semi-annual reviews of waiver implementation and outcomes across participating Local Workforce Development Boards (LWDBs).
- Monitor enrollment, service delivery, performance outcomes, and overall impact through programmatic reviews.
- Report waiver-related data and analysis in the WIOA Annual Performance Report Narrative.

To assess the effectiveness of services to in-school youth (ISY), Oregon is tracking trends in key WIOA performance indicators. The table below presents ISY performance data for Measurable Skill Gains (MSG) and Credential Attainment for Program Years 2020 through 2023:

Metric	PY 2020	PY 2021	PY 2022	PY 2023
Measurable Skill Gains	55.2%	71.0%	72.1%	68.8%
Credential Attainment	53.2%	71.9%	72.8%	52.0%

These trends show strong performance gains in PY 2021 and PY 2022, followed by a noticeable decline in PY 2023, particularly in credential attainment. This drop highlights the importance of continued investment in proactive, in-school programming to stabilize and improve outcomes for ISY before they disconnect from the education system.

To support implementation of this waiver, the state will apply disaggregated data analysis by geography, income level, and other key factors to monitor outcomes, assess program effectiveness, and inform targeted technical assistance. This approach will help ensure local programs are both performance- aligned and responsive to youth needs.

Public Comment and Notice

This waiver was posted on August 18, 2025, at www.wioainoregon.org for public comment. On the same date, notification was sent to Local Workforce Development Boards and key stakeholders. A 30-day comment period was provided.

Upon waiver approval, Oregon will issue official guidance to all local boards and update the WIOA State Plan accordingly, in compliance with 20 CFR 676.130(d).

Conclusion

Oregon remains committed to strengthening early-intervention strategies that help youth remain engaged in education, develop critical workforce skills, and successfully transition into employment or postsecondary pathways. Approval of this waiver will provide the flexibility needed to expand effective in-school programming, build stronger partnerships with local education systems, and improve outcomes for youth at risk of disconnection. A multi-year waiver period will also ensure stability and consistency for local workforce areas as they invest in long-term strategies that support student success.