





# An Examination of Pennsylvania's Workforce Development System: Supporting Veteran Employment in the Commonwealth

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### Summary

Pennsylvania (PA) is home to nearly 700,000 veterans. In the United States (U.S.), each year, 200,000 service members transition from military to civilian life. This change can create challenges in multiple life domains for these new veterans. In addition, federal employment-transition programs have shown limited effectiveness in helping veterans secure meaningful employment, which puts the onus on state and local systems to facilitate veterans' integration into the workforce. Moreover, PA faces challenges related to growing labor shortages and employee skills gaps. Thus, recruiting and retaining key groups, such as veterans, could be a strategic necessity for sustaining economic growth.

The U.S. workforce system is shaped by public and private sector investments, yet federal funding for workforce development remains low and averages just 0.2% of the Gross Domestic Product (GDP). Since the early 20<sup>th</sup> century, landmark legislation, such as the Wagner-Peyser Act (1933) and the Workforce Innovation and Opportunity Act (WIOA; 2014), has expanded services to include vocational training, apprenticeships, and job placement. Despite this, aligning skills development with labor market needs remain a persistent issue. New federal legislation, including the Bipartisan Infrastructure Law (BIL), the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Sciences Act, and the Inflation Reduction Act (IRA), has provided additional investments, but systemic challenges persist.

For veterans, historical policies like the Servicemen's Readjustment Act (1944) and initiatives administered by the Department of Labor Veterans' and Employment Training Service have aimed to address workforce challenges. These initiatives like the Local Veterans' Employment Representatives (LEVR) and the Disabled Veterans' Outreach Program (DVOP), which help veterans access employment and training services, are primarily funded and administered through federal legislation but executed at the state and local levels. Thus, the quality and availability of these services vary across states and regions, which results in unequal access for veterans.

The WIOA allocates federal funds to states based on labor force size and unemployment rates and requires states to submit plans to outline workforce goals and strategies. The law supports a variety of job-seeker services including career counseling, job-search assistance, and training opportunities, and priorities are given to disadvantaged groups, including veterans. Under WIOA, workforce development is managed at the local level through Local Workforce Development Boards (LWDBs) and American Job Centers (AJCs). LWDBs work closely with employers, education providers, and training entities to identify local skills gaps and align workforce development strategies with local economic needs. AJCs, which are the central hubs for employment services, offer job seekers resources such as career assistance, career counseling, and training programs. The AJC system in PA is known as CareerLink. PA's WIOA Combined State Plan (2020-2024) emphasizes apprenticeship expansion and employer engagement and addresses workforce shortages in critical industries. PA focuses on aligning services with local economic needs and addressing barriers to employment.

Research on the effectiveness of workforce development programs, including WIOA and its predecessors, show mixed results. While strategies like case management, integrated service

delivery, and sector-based training improve employment and earnings outcomes, transitional jobs and broader occupational skills training have shown limited impact. Apprenticeship programs have demonstrated positive results, but low completion rates remain a challenge.

This report, developed by the Clearinghouse for Military Family Readiness at Penn State (Clearinghouse) with support from The Heinz Endowments, analyzes PA's workforce development system, federal funding, state-level programs, and veteran-specific employment initiatives. Key recommendations include addressing data-sharing barriers, increasing program coordination, and ensuring better access to services for veterans to improve their workforce reintegration.

### Key Findings

# The workforce development system is failing to keep pace with the demands of the modern economy due to chronic underfunding.

Federal investment in workforce development has declined over the past decades and has failed to keep pace with the complexities of the modern labor market. The U.S. spends significantly less on workforce training compared to other developed countries, leaving millions of workers—especially veterans and those in transition—without adequate reskilling supports and opportunities. Though major federal investments such as the BIL and CHIPS and Science Act are creating millions of jobs, underfunded workforce training systems lack the agility to meet evolving skill demands. Despite the significant role of public workforce programs, private-sector spending on workforce development far exceeds public investment, and this exacerbates challenges in addressing labor shortages, wage stagnation, and economic inequality.

# WIOA drives workforce development through a decentralized model whose inconsistent implementation, funding limitations, access barriers, and outdated metrics impede its impact.

WIOA is a critical federal law that intends to support an array of workers through trainings and services. The law's decentralized structure empowers states and local workforce boards to address specific labor market needs and align training with employer demand. State control and local control allow for flexibility but can result in uneven implementation and quality of and access to services across regions. WIOA funding has not kept pace with demand, which limits available support. Service priority is provided to individuals who require public assistance, have a low income, have skill deficiencies, and to veterans and their spouses. Furthermore, success is often measured by short-term job placements rather than long-term career advancement or job quality, which can incentivize lower-impact programs.

# Despite historically low unemployment, PA faces a persistent labor shortage that is exacerbated by population decline, an aging workforce, and a growing skills deficit.

The overall U.S. working-age population has declined, which has resulted in a shortage of skilled labor. Over the next few decades, PA is expected to acutely feel the challenges of a changing workforce dynamic due to its aging workforce and outmigration. While half of U.S. jobs require post-secondary education, only 43% of workers have the necessary skills to fill those positions. Moreover, rapid technological advancements have outpaced the current skill level of the U.S. labor force, and one-third of workers lack the essential digital skills that are necessary for the modern economy.

LWDBs face significant coordination challenges among diverse partners and encounter barriers in engaging employers, which can result in fragmented service delivery and misalignment between workforce training programs and actual labor market needs. LWDBs are essential in aligning workforce programs with local labor market needs. The PA Workforce Development System includes 22 LWDBs. However, the complexity of coordinating multiple stakeholders, such as education providers, employers, and community organizations, often results in fragmented service delivery. Employer engagement is frequently hindered by misaligned priorities and limited resources, which further complicate the ability of LWDBs to effectively meet local workforce needs.

# State workforce development funds are available for training for high-priority occupations, yet some of these jobs lack career-advancement opportunities.

The challenge in concentrating on high-priority occupations lies in balancing the immediate needs of employers with the long-term economic development goals of the state. PA's workforce development system targets high-priority occupations by funding training investments. However, while family-sustaining wages are considered, many of these occupations may lack career-advancement opportunities or are not responsive to upcoming occupational growth. This undermines efforts to attract and retain workers in needed occupations. The failure to provide long-term career-advancement opportunities also make these occupations less appealing to potential employees. Therefore, raising the status of these occupations to meet employer demands and offer competitive wages, benefits, stability, and career-advancement opportunities to attract and retain workers is essential.

# Sector-based training and apprenticeships demonstrate positive impacts, but challenges like low completion rates and inconsistent program effects highlight the need for more support and insight around participant's barriers to completion.

Sector-based training and apprenticeships have proven effective in addressing workforce shortages by providing hands-on, job-specific skills. However, challenges such as low completion rates and inconsistent outcomes indicate these programs often fall short of their potential. To improve effectiveness, more targeted strategies are needed, including better alignment with job demands, increased support for participants, and ongoing program evaluation.

# Veteran participation in state workforce programs remains low, with high costs per employed veteran and limited employment outcomes.

In Fiscal Year (FY) 2023, 2% of veterans who have a service-related disability or who were disabled after service were served by the Office of Vocational Rehabilitation, and 8% of enrolled participants in the Apprenticeship and Training Office were veterans. State-funded programs like the Veteran Employment Program Grant have high costs per employed veteran and limited employment outcomes; therefore, only a small percentage of veterans secure jobs despite substantial spending.

# PA workforce system faces significant challenges with data sharing and program evaluation, which hinder service delivery efficiency and effectiveness.

Many workforce programs lack robust impact evaluations, despite investments of \$326 million in PA from federal and state dollars annually. Only a small percentage of the programs have undergone rigorous evaluations, many with inconclusive results. Without comprehensive evaluations, measuring the effectiveness of workforce development programs or developing improvement options are difficult. PA reports on WIOA performance metrics, or outputs, as its main source of evaluation. Data-sharing issues and integration for established systems across agencies remain a barrier to track performance, make data-driven decisions, and optimize service delivery.

# State Government Recommendations

This report outlines key recommendations for the federal government, state government, and PA state policies specific to veterans. While many recommendations are included in this report, below in this summary we highlights the specific actions PA can implement to maximize impact. Federal government recommendations can be found <u>here</u>.

# Expand and Enhance Workforce Training Programs to Promote Quality Jobs, Strategic Sectoral Partnerships, Industry-Recognized Credentials, and Digital-Skill Development.<sup>1</sup>

- The PA Department of Labor & Industry (DLI) should establish a coordinated industrydriven funding model that draws on promising practices from other states and aligns regional workforce boards and industry partners through sector-based funding pools, employer-led training partnerships, pre-employment and upskilling pathways, performance-based funding, and cross-sector collaboration.<sup>a</sup>
- DLI and workforce agencies should prioritize training programs that lead to industryrecognized credentials.<sup>2</sup>
- PA state workforce agencies should partner with employers and education institutions to scaleup apprenticeship models.
- PA state workforce agencies, in partnership with the state Department of Education, should expand digital-access and integrate digital-skills training into job-training programs.

# Embed Evidence-Based Approaches and Evaluation into All Aspects of Workforce Development.<sup>3</sup>

- DLI should require grants and contracts to be awarded to providers that implement evidence-based approaches in their service delivery.
- DLI and regional workforce boards should develop performance-based funding models that tie payments to outcomes, such as job placements and wage growth.<sup>4 b</sup>
- DLI and workforce program administrators should embed evaluation requirements in program design and delivery to ensure accountability and continuous quality improvement.<sup>5</sup>
- DLI and the PA General Assembly should require providers to dedicate a minimum of 10% funding for program evaluations to strengthen evidence and effectiveness.<sup>c</sup>
- DLI and the PA Governor's Office should leverage discretionary grants (e.g., U.S. Department of Labor [DOL] Workforce Data Quality Initiative, U.S. Department of Education State Longitudinal Data System, statewide set-aside funds) to support workforce evaluation efforts.

<sup>&</sup>lt;sup>a</sup> Example models include the Wisconsin Regional Training Partnership, the California High Road Training

<sup>&</sup>lt;u>Partnership</u>, and <u>Massachusetts' Workforce Competitiveness Trust Fund</u>. These models are well positioned to benefit sectors such as the semiconductor industry and clean energy sectors. The <u>Good Jobs Challenge</u>, from the American Rescue Plan Act, also aims to strengthen regional workforce systems and partnerships to create job-training opportunities (e.g., <u>Philadelphia Works</u>).

<sup>&</sup>lt;sup>b</sup> "In October 2020, Partner4Work issued this Request for Proposals to identify training programs that will provide a specific pathway for Allegheny County job seekers who are ages 18+ to gain industry-recognized credentials and employment. To incentivize credential attainment, "Payment will be made 50% on enrollment into a training program and 50% when documentation of a credential earned is provided to Partner4Work."

<sup>&</sup>lt;sup>c</sup> Currently, \$2 million are dedicated in the state budget to evaluation; however, what services/programs are currently being evaluated from this funding is unclear.

# Strengthen Workforce Development Infrastructure Through Program Integration, Staffing, and Data Systems.

- The DLI should conduct a comprehensive review of workforce programs to assess alignment and identify gaps in service coordination including (1) mapping existing programs, services, and funding streams to highlight overlaps, inefficiencies, and areas of improved integration; (2) developing a standardized referral process; (3) establishing shared performance metrics across programs; and (4) implementing cross-agency training to ensure a unified approach to workforce development.
- DLI and the PA General Assembly should allocate adequate staffing and resources to the CareerLink system to ensure full-service delivery.
- DLI, the PA Department of Education (PDE), and regional workforce boards should improve data sharing across core workforce programs by addressing legal barriers and funding integration efforts.
- DLI, in collaboration with PA state agencies and education institutions, should develop a common participant identifier to streamline data collection and improve tracking of workforce outcomes.

# Establish a Family-Sustaining Wage Standard and Expand Benefits and Job Standards for Critical Occupations.

- Direct the PA Department of Human Services (DHS) and DLI to set minimum pay benchmarks for critical occupations, such as child care workers and home healthcare aides, using a formula tied to cost-of-living data rather than minimum-wage levels.
- Create a registered apprenticeship model for critical occupations to encourage workers earn credentials while receiving wage increases that are tied to training completion.
- Require workforce boards to prioritize funding for caregiving careers on PA's High Priority Occupation (HPO) list to ensure these workers have access to tuition-free training and employer incentives for career advancement.
- Use state procurement and licensing power to require home healthcare agencies and child care providers that receive state funds to provide a living wage and benefits package (e.g., paid sick leave, health insurance, retirement).
- Fund a demonstration project of a Guaranteed Basic Income for workers employed in caregiving careers by providing a monthly stipend to stabilize income and address workforce shortages.

# Enhance the Development and Use of High-Priority Occupation and In-Demand Occupation Lists.

- Establish a priority watch list for occupations that show signs of future growth, but do not yet meet High-Priority Occupation (HPO) criteria to help ensure workforce programs can proactively address emerging industries like semiconductor manufacturing or clean energy.
- Provide tax credits or state-matching grants for employers that create apprenticeship and training programs aligned with HPO/ In-Demand Occupation Lists (IDOL) occupations that pay family-sustaining wages to strengthen industry engagement in workforce development.

#### Establish a Pennsylvania Veterans Talent Attraction and Retention Strategy.

- Direct the DLI and the PA Department of Military and Veterans Affairs (DMVA) to develop a statewide initiative to attract, train, and retain veteran talent.
- Create veteran-focused workforce navigators within state workforce development
  programs to ensure veterans have dedicated personnel who can guide them in their
  transition to civilian employment. This guidance will include the following: assisting
  veterans access training programs, connecting veterans to jobs, and assisting veterans
  with credentialing.
- Develop a state-led veteran job-placement program by collaborating with private industry and community organizations to create direct pathways into high-demand industries, such as healthcare, information technology, cybersecurity, manufacturing, and clean energy.
- Provide housing incentives and relocation assistance for veterans and their families who choose to relocate to PA for employment and include tax-relief incentives or housing subsidies.
- Develop a statewide-applied research initiative to study workforce trends and use veterans as a test case for emerging skills gaps in the labor market.

#### Establish Veterans Workforce Innovation Demonstration Projects.

 PA should pilot veteran-focused workforce programs as demonstration projects to assess improvements to employment outcomes. These efforts should include working with the DOL Veterans' Employment and Training Service (VETS) to develop demonstration projects that evaluate the impact of expanded eligibility and modernized Disabled Veterans' Outreach Program (DVOPs) and Local Veterans Employment Representative (LVER) roles.

### Next Steps

Understanding PA's workforce development system and its real-world operations, challenges, and successes through stakeholder insights is vital to enhancing the system; as such we are engaged in the following next steps.

- Conduct a qualitative study to examine the practical functioning of the workforce development system by focusing on evidence-based practices.
- Analyze the DLI grant portfolio to assess program impacts and identify areas for improvement.
- Perform a targeted analysis of key workforce components to uncover gaps and offer focused recommendations.
- Identify veteran-employment demonstration projects to innovate, test, and evaluate initiatives that could improve veteran-employment outcomes in PA.

### Introduction

Pennsylvania (PA) is home to almost 700,000 veterans. Approximately 200,000 new veterans transition from the military each year and resettle nationwide.<sup>6</sup> <sup>7</sup> Before the military-to-civilian transition, service members have access to numerous federal programs to assist them as they transition, including their transition to civilian employment. Yet, a recently completed study by RAND<sup>8</sup> determined limited evidence exists that these federal employment-focused transition programs are effective in helping veterans secure meaningful employment. Thus, the onus falls on the state and local communities to ensure veterans' employment needs are met. Meeting the employment needs of veterans is critical given the value they add to PA's workforce system. In addition, PA is facing a situation in which there is an increasing demand for workers and a decreasing supply of people to fill these job openings<sup>9</sup>. This examination builds on the RAND study and identifies the organizations, programs, and funding that comprise PA's workforce development system. A large part of the system is driven through federal-level legislation, namely the Workforce Innovation and Opportunity Act of 2014 (WIOA). However, while complying with federal guidelines and restrictions, state and local entities determine how and where to spend federal workforce dollars.<sup>10</sup>

This effort, undertaken by the Clearinghouse for Military Family Readiness at Penn State (Clearinghouse) in collaboration with support from The Heinz Endowments, aims to advance evidence-informed veteran-related policies for PA and focuses on attracting and retaining veterans to PA to support the waning workforce.<sup>11</sup> Because this report intends to provide informed recommendations that can be implemented to improve the workforce system for veterans, general descriptive accounts of current and future labor markets and the federal workforce system are included. The federal government directly finances a significant portion of workforce development programs (e.g., My Next Move, Job Corps, Apprenticeship USA, US Pathways Program) and makes significant contributions through grants to states to implement employment programs (e.g., American Job Centers (AJC), Adult and Dislocated Worker Program, National Farmworker Jobs Program). In addition, this report examines the federal legislation in the context of the implementation of PA's workforce system. It identifies federally funded state-level programs and other state-funded programs that provide education and employment assistance to prepare all PA residents, including veterans, for employment.

In addition to the programs and resources available for all PA residents, federal-level and statelevel programs that are specific to veteran employment also exist. The previously noted RAND report identified that the federal government spent \$13 billion on employment transition across 45 programs that were overseen by 11 federal agencies. The second section of this report identifies and describes the state-level programs that specifically serve veterans.

The final section of this report will present recommendations that can be used to improve PA's implementation of workforce programs that support the general workforce and veterans. In addition, these directions intend to foster positive veteran-employment outcomes and attract veterans to live and work in PA and retain them in the current workforce.

Numerous acronyms and abbreviations are used throughout this report. A glossary of these acronyms and abbreviations is provided in **Appendix A**.

# **Current Workforce Needs and Labor Market Challenges**

#### A Growing Skills Gap and Labor Shortage

The United States (U.S.) unemployment rate is experiencing one of the lowest unemploymentrate spans since the 1960s. The COVID-19 post-pandemic economic recovery has resulted in a tight labor market, which has led to real wage growth for workers. However, the picture is not entirely positive. An estimated 5.7 million people are not included in the unemployment rate because they have stopped looking for work despite wanting a job. Another 4.1 million people are underemployed, working in jobs that do not utilize their skills, education, or experience or are working part-time when they would prefer full-time employment. Although job openings continue to exceed the number of job seekers, labor force participation rates remain below pre-pandemic levels, and this trend is expected to persist due to the aging U.S. workforce.<sup>12</sup>

Despite historically low national unemployment, the labor market faces an imminent labor shortage and a significant skills gap. In October 2022, the National Association for Business Economics reported that 45% of employers surveyed faced a shortage of skilled labor.<sup>13</sup> This challenge is compounded by recent policies, such as the Bipartisan Infrastructure Law (BIL), Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, and the Inflation Reduction Act (IRA), which intend to create millions of new jobs, but the current workforce development system is underfunded and lacks the agility to meet the evolving skill demands of the labor force. On a positive note, these investments highlight the importance of workforce development and provide targeted funding for training related to these investments, but greater investment in the workforce development system is essential to address these challenges.

#### **Middle-Skilled Positions**

The noted skills gap is driven by rapid advancements in technology, automation, and globalization, which require more specialized, higher-skilled workers. This shift places greater pressure on the working class, individuals who generally engage in manual labor, skilled trades, or lower wage service work, who are also the most vulnerable group of workers to job displacement. The United States is struggling to keep pace with the demands of the modern labor market as these demands have outpaced the capacity and accessibility of education and training systems. This situation has contributed to a polarized labor market that is characterized by the growth of high-skilled jobs and low-skilled jobs but a decline in middle-skilled positions<sup>14</sup>. "Middle-skilled" jobs require more than a high school diploma but less than a 4-year degree.<sup>15</sup> While this trend is not unique to the United States, the country lags behind its industrial peers in skill-development efforts. For example, skill development through apprenticeships in Germany, England, and France comprise 3.7%, 2.3%, and 1.7% of the total labor force compared to .3% in the United States.<sup>16</sup> <sup>17</sup> <sup>18</sup>

Despite the overall decline in the relative number of middle-skilled jobs, these jobs make up half of the U.S. labor market.<sup>19</sup> Forty-three percent of workers possess the necessary skills for these positions.<sup>20</sup> According to Bureau of Labor Statistics (BLS) projections, 10 of the top 20 fastest-growing occupations between 2018 and 2028 require or will require less than a bachelor's degree (e.g., solar photovoltaic installers, wind turbine service mechanics, home health aides, personal care aides). Yet, middle-skilled workers face a heightened risk of job loss due to technological advancements, globalization, or outdated skills. To maintain employment, middle-skilled workers may have to adapt by reskilling or upskilling to progress into higher-skilled positions or compete with others for lower-skilled positions.<sup>21</sup> Employers also consistently report difficulties in finding and retaining skilled workers, which hampers their ability to innovate and compete in the global economy.<sup>22</sup> The American Enterprise Institute (2018) estimates that this skills gap costs the U.S.

economy \$160 billion annually in unfilled labor output, reduced productivity, and depressed earnings.<sup>23</sup>

Overall, there is a growing trend toward less secure employment, particularly for workers who do have a college education.<sup>24</sup> <sup>25</sup> Also, an increasing number of jobs exist that are available relative to the number of people to fill them. Notably, the expanding service sector is filled with low-paying occupations. While determining the minimum education and training requirements for a job is relatively easy, defining what constitutes a "good job" is more complex. Beyond education, factors such as the accessibility and affordability of job training; opportunities for career mobility, laterally and upwardly; and the physical demands of a job (which might limit its viability as a lifelong career) play critical roles.<sup>26</sup>

Expert consensus indicates that post-secondary education and training are essential for succeeding in the global economy, and substantial evidence links higher educational attainment to higher wages. Even credentialing programs have been associated with higher earnings, though returns are significantly greater for programs that result in licenses rather than certifications.<sup>27 28</sup> <sup>29</sup> To address current workforce demands, many post-secondary institutions have developed micro-credentialing programs that combine coursework with experiential learning in order to target industry-specific skill needs in high-demand fields like information technology and supply management.<sup>30</sup>

#### 21<sup>st</sup> Century Workforce Skills

Although the diversity of the training and skills required in occupations is vast, the National Academies of Science, Engineering, and Medicine (NASEM) <sup>31</sup> identified a significant shift in the skills needed for the modern workforce based on employer-reported requirements. The focus has moved away from manual and routine cognitive tasks toward what NASEM calls "21<sup>st</sup> Century Workforce Skills" or "workforce survival skills." These skills include interpersonal competencies and higher-order thinking abilities such as information synthesis, creativity, curiosity, imagination, agility, adaptability, critical thinking, problem-solving, communication, collaboration, teamwork, effective oral and written communication, self-management, initiative, and entrepreneurism.<sup>32</sup> <sup>33</sup>

The digital skills deficit has widened since the NASEM report, particularly since the COVID-19 pandemic. Before the pandemic, work was increasingly reliant on basic computer literacy, and digital skills were quickly becoming essential for job performance and for the job preparation and search processes.<sup>34</sup> <sup>35</sup> <sup>36</sup> <sup>37</sup> In 2019, approximately 69% of job postings in countries like New Zealand, Australia, Singapore, United States, and Canada required digital skills. However, a 2022 Coursera (2022) study of global labor and skills ranked the United States as 59<sup>th</sup> in technological skills.<sup>38</sup>

The United Nations Educational, Scientific, and Cultural Organization, UNESCO, defines digital skills as "the range of abilities required to use digital devices, communication applications, and networks to access and manage information. These skills enable individuals to process and manage data, communicate and collaborate digitally, create digital content, stay safe and legal online, and solve problems creatively in both professional and personal contexts."

As workplaces increasingly adopt hybrid- and remote-work models, digital skills have become more critical. These skills encompass a spectrum, from basic competencies like turning on devices and navigating applications to advanced capabilities such as using and developing artificial intelligence (AI) and expanding existing or creating new software. However, one-third of U.S. workers lack the foundational digital skills to secure in-demand jobs.<sup>39</sup> If the digital skills gap

is not addressed, G20 countries risk losing \$11.5 trillion in Gross Domestic Product (GDP) growth by 2028.<sup>40</sup>

Digital upskilling has significant potential to mitigate job losses caused by technological advancements. A 2019 World Economic Forum report projects that 1.37 million U.S. workers could be displaced within the next decade. However, with a \$4.7 billion investment, the U.S. private sector could reskill up to 25% of those workers who are at risk. The report further projects that if the government were to invest \$19.9 billion, up to 77% of displaced workers could be reskilled.<sup>41</sup>

Technological change will also create new roles, such as data analysts, AI- and machine-learning specialists, and digital transformation experts, and will displace others, including clerks, administrative assistants, and bookkeepers.<sup>42</sup> These impacts will vary across industries, economic sectors, and demographic groups, and race, ethnicity, and gender will play significant roles. For instance, up to 160 million women worldwide may need to change jobs due to automation.<sup>43</sup>

In response to these challenges, the BIL allocates \$42 billion to states and localities, including \$1.2 billion to PA through the Digital Equity Act and the Broadband, Equity, Access, and Deployment (BEAD program) to expand broadband access and digital-literacy training.<sup>44</sup> Currently, 90% of PA jobs require digital-literacy skills, which is slightly below the national average of 92%. Digital skills are particularly in demand in PA's healthcare, agriculture, transportation, and warehousing sectors.

The current workforce development system in the United States is highly decentralized, which leads to fragmented bureaucratic processes and a lack of coordination that impedes the effectiveness of workforce training programs. Federal funding places the responsibility to enhance workers' skills attainment and address the challenges of unemployment, economic mobility, public assistance usage, and declining tax revenue on state and local governments. The federal government supports workforce development through initiatives like the WIOA and the physical infrastructure of the AJCs. However, recent legislation, such as the BIL, has directed states to invest in specific workforce components, including digital-equity and upskilling programs.<sup>45</sup>

In response, state governments are turning to work-based learning programs to bridge the skills gap in the public and private sectors. Some states have launched "Future of Work" task forces to assess workforce needs, especially concerning digital skills. These task forces often recommend leveraging career and technical education programs, community colleges, local partnerships, and other continuing education initiatives to support reskilling and upskilling efforts.<sup>46 47</sup>

#### The Pennsylvania Labor Force

Similar to the challenges facing the global and U.S. workforce, PA faces significant labor force shortfalls due to outmigration and aging workers. From 2019 to 2022, the state's population shrank by an estimated 48,000 residents. The median age increased, and the greatest age-cohort growth was among individuals who are 65 to 74 years old.<sup>48</sup> <sup>49</sup> The COVID-19 pandemic and its lingering effects resulted in over 38,000 excess deaths. Immigration also declined due, in part, to national policies. A significant percentage of domestic outmigration during the COVID-19 pandemic also contributed to population loss. About 36% of people leaving PA cited a job as the main reason for moving.<sup>50</sup> All of these factors contributed to changes in PA's population. Notably, despite the U.S. population growth over the last decade, apportionment based on the 2020 Census resulted in an U.S. Congressional seat loss for the Commonwealth.<sup>51</sup>

A 2024 PA Independent Fiscal Office (IFO) report projects that from 2025 to 2030, the state's working-age population will decrease by 151,000. <sup>52</sup> The IFO also reports an unmet demand for roughly 105,000 to 110,000 additional workers in the state.<sup>53</sup> These workers are needed in occupations that span the educational attainment and wage spectrum. To determine where workers are most needed, High-Priority Occupations (HPOs) are selected by Local Workforce Development Boards (LWDBs) if the occupations are in demand by local employers, require specific skills, and provide a sustainable wage. If LWDBs determine that occupations have many vacant positions, high growth rates, and a lack of potentially qualified workers, the PA Department of Labor and Industry (DLI) places these occupations on the PA In-Demand Occupation List (IDOL) to assist citizens in finding careers. Customer service representatives, supervisors in several settings (e.g., mechanics and installers, production and operations, nonretail sales, transportation), truck drivers, teachers, operations managers, and nurses are examples of occupations listed on PA IDOL.

PA needs to attract labor force participants. Labor and economic development has become a major thrust of the current gubernatorial administration (see **Appendix B** for a summary of Shapiro's 10-Year Economic Development Plan). Currently, the state has a 61% overall labor force participation rate, which is slightly lower than the national rate of 62.5%.<sup>54</sup> <sup>55</sup> One source of talent the Commonwealth could cultivate is transitioning service members. Approximately 200,000 service members are expected to leave the military each year. A little over 100 active duty service members stationed in PA separate from the military each year, and over 8,000 service members, based elsewhere, are projected to settle in PA. <sup>56</sup> Another source of available talent is the state's current veteran population. With roughly 700,000 veterans, PA has the fourth-largest population of military veterans in the U.S. Approximately 48% of PA's veterans are considered of working age, or are between the ages of 18 and 64. Furthermore, 78% of working age veterans are labor force participants. <sup>57 58</sup>

# The Workforce Development System

### Workforce Development Defined

Workforce development encompasses a "broad array of policies and programs to create, sustain, and retain a viable workforce that can support the current and future business and industry"<sup>59</sup>. Workforce development programs and initiatives exist in every community across the U.S., yet stakeholders within the system often view workforce development through different lenses. Educational institutions and social service providers prioritize the sustainable economic security of the individual, while communities and economic developers focus on the broader economic growth of a region. Employers, on the other hand, emphasize developing specific skills needed to keep their businesses competitive. For this report, workforce development is defined as the coordination of public- and private-sector policies and programs that provide individuals with sustainable livelihood opportunities and help organizations achieve their goals within the societal context.<sup>60</sup> Thus, according to this definition, a workforce development system is an interconnected network of public-private partnerships, programs, and policies that collectively strengthen workforce capacity.

The focus of this report is on public workforce investments; however, workforce development is driven by the public and private sectors, and the majority of workforce development activity occurs in the private sector. Private-sector spending on workforce development is estimated to be up to 10 times greater than public-sector contributions.<sup>61 62</sup> Historically, the U.S. government spending on workforce development has averaged less than 0.5% of GDP, and, in recent years, it has dropped to around 0.2%, which is approximately <u>10 times</u> lower than that of

Western European countries.<sup>63</sup> While the United States is spending an average amount of money relative to other countries in terms of the frequency of employer-sponsored training, it lags behind in specific areas, such as providing occupational training for younger workers.<sup>64</sup>

#### **Education and Training Programs**

An essential component of workforce development is the provision of education and training programs that are designed to build occupational skills that are needed by employers and help individuals secure family-sustaining employment. These programs generally include a combination of the following components: (1) remedial skill development, (2) occupational skill development, (3) employability enhancement, (4) work experience, (5) labor exchange services, (6) counseling and assessment, and (7) labor market information. Definitions and examples of these activities are provided in the table below.<sup>65 66</sup>

#### Table 1

Category	Definition	Examples
Remedial skill development	Improvement of foundational skills such as literacy, numeracy, and language proficiency.	<ul> <li>General Educational Development (GED) classes</li> <li>English as a Second Language courses</li> <li>Digital skills training</li> </ul>
Occupational skill development	Provision of classroom or on-the- job training to increase technical job skills.	<ul> <li>Associate's degree</li> <li>Vocational/Technical training</li> <li>Apprenticeship</li> <li>Certification and licensing</li> <li>Continuous professional development</li> <li>Entrepreneurship training</li> </ul>
Employability development	Provision of training to develop soft skills or interpersonal and nontechnical skills that are critical in the workplace.	<ul> <li>Communication workshops</li> <li>Teamwork and collaboration activities</li> <li>Time-management and problem- solving skills</li> </ul>
Work experience	Provision of employment experiences to help workers gain skills and employability features through paid or unpaid work.	<ul> <li>Internships</li> <li>Cooperative Education (combines classroom-based education with practical work experience)</li> </ul>
Labor exchange	Provide a better match between workers and jobs.	<ul> <li>Applicant screening</li> <li>Direct placement</li> <li>Job referral</li> <li>Job-search assistance</li> </ul>
Career counseling and coaching	Providing guidance to help workers learn about themselves, possible career paths, and job-search strategies.	<ul> <li>Interest assessment</li> <li>Aptitude testing</li> <li>Resume building</li> <li>Interview preparation</li> <li>Networking strategies</li> <li>Mentorship Programs</li> </ul>
Labor market information	Education on jobs that are available and needed.	<ul><li>Surveys and censuses</li><li>Skills gap analyses</li><li>Economic forecasting</li></ul>

Categories and Examples of Education and Training Workforce Development Activities

Category	Definition	Examples
		<ul><li>Labor market demand and supply</li><li>Job-market outlooks</li></ul>

#### History of Workforce Development Policies and Programs

The United States has a long history of crafting policies and programs that support workforce development, and many of these have shaped or are still part of the most recent federal workforce legislation. This section provides a broad overview of these policies, programs, and key agencies.

#### The U.S. Bureau of Labor & Department of Labor

The U.S. Bureau of Labor was established by Congress on June 24, 1884, within the Interior Department to collect information on labor and employment. On June 13, 1888, the Bureau gained independence as the U.S. Department of Labor (DOL) but did not have executive rank. However, on February 14, 1903, the DOL reverted to bureau status with the creation of the Department of Commerce and Labor (15 USC 1501; 29 USC 1 note). The modern DOL was officially established as a Cabinet-level agency on March 4, 1913, when President William H. Taft signed legislation on his last day in office (29 USC 551). The following day, Woodrow Wilson appointed the first Secretary of Labor.

The current DOL administers federal laws that governs occupational safety and health, wage and hour standards, unemployment benefits, reemployment services, and economic statistics. The DOL is led by the Secretary of Labor, who reports directly to the President and is a member of the Cabinet. The department's mission is to foster, promote, and develop the welfare of wage earners, job seekers, and retirees of the US; improve working conditions; advance opportunities for profitable employment, and assure work-related benefits and rights.

The DOL comprises several sub-agencies, and each is responsible for specific aspects of labor and employment policy.

- Benefits Review Board
- Disability Employment Policy Office
- Employee Benefits Security Administration
- Employees Compensation Appeals Board
- Employment and Training Administration
  - Office Apprenticeship, Office of Contracts Management, Office of Financial Management, Office of Foreign Labor Certification, Office of Grants Management, Office of Job Corps, Office of Management and Administrative Services, Office of Policy Development and Research, Office of Trade Adjustment Assistance, Office of Unemployment Insurance, Office of Workforce Investment
- Employment Standards Administration
- Federal Contract Compliance Programs Office
- Labor Statistics Bureau
- Labor-Management Standards Office
- Mine Safety and Health Administration
- Occupational Safety and Health Administration
- Pension and Welfare Benefits Administration
- Veterans Employment and Training Service
- Wage and Hour Division
- Workers' Compensation Programs Office

There are several key pieces of legislation that have had a significant impact on workforce development in the United States. The legislation presented below includes acts that are critical to understanding the current system of support and/or have a direct component relevant to state and local workforce development implementation. Some of these acts also fall under the purview and are administered in part by other federal agencies such as the U.S. Department of Education (ED).

#### Smith-Hughes Act of 1917

The Smith-Hughes Act of 1917 marked one of the first significant legislative efforts that directly addresses U.S. workforce development. This act provided federal funding for vocational education in high schools and focused on agriculture, trades, and home economics. Enacted in response to the evolving workforce needs driven by the Industrial Revolution, the Smith-Hughes Act aimed to equip students with practical skills relevant to contemporary technologies.

The Great Depression, 1929-1941, further underscored the need for a robust workforce development system, as 25% of the labor force was unemployed. The Smith-Hughes Act built upon the Smith-Lever Act of 1914, which established a national agricultural extension system administered by land-grant colleges. This extension system deployed agents to work with farmers and homemakers to advance evidence-informed methods.

Under the Smith-Hughes Act, federal funds were allocated to states for specific vocational programs, such as teacher preparation. States were required to submit plans and match federal funding to receive financial support. Note, the state plan does not arise from state policy and leadership as the name might suggest. Rather, the plan is directed to mandates contained in the federal law. Thus, the purpose of a state plan was to serve as a contract between the state and federal governments to ensure adherence to federal requirements and procedures. This act emphasized experiential learning, which mandated that students spend half of their training time engaged in practical, hands-on activities.<sup>67</sup>

#### Wagner-Peyser Act of 1933

Enacted during the Great Depression, the Wagner-Peyser Act of 1933 aimed to address unemployment by connecting job seekers with employment opportunities. This legislation established the U.S. Employment Service (ES), which was initially tasked with referring unemployed individuals to public works programs created under the New Deal. Today, the ES is open to all job seekers, and offers job-search assistance, skills training, pathway coaching, and employer services such as job vacancy listings and candidate referrals. The Wagner-Peyser Act has been amended many times, most recently as part of the Workforce Innovation and Opportunity Act of 2014 (WIOA). This Act authorizes the integration of the ES into over 2,500 American Job Centers (AJC) and introduces accountability measures. Funded through the Federal Unemployment Tax Act on unemployment-covered employment, the ES is the longest continuously operating workforce program in the United States, and it registers approximately 19 million job seekers annually and partners with 200,000 employers.<sup>68</sup> <sup>69</sup> <sup>70</sup>

#### National Apprenticeship Act of 1937

The National Apprenticeship Act of 1937 provided a legal basis for employers to establish and operate apprenticeship programs. This legislation led to the creation of the Office of Apprenticeship within the DOL, which oversees funding allocated to State Apprenticeship Agencies.<sup>71</sup>

#### National Defense Education Act of 1958

Prompted by the Space Race and the need to advance national defense capabilities, the National Defense Education Act of 1958 provided substantial federal funding for higher education to meet the needs in science, technology, and foreign language. This act also introduced low-cost student loans, which significantly increased college-enrollment rates and more than doubled the number of students enrolled within a decade. This act established a precedent for federal investment in higher education and introduced loan mechanisms that continue to support students today.<sup>72</sup>

#### Manpower Development Training Act of 1962

The Manpower Development Training Act (MDTA) of 1962 (Public Law [PL] 87-415) was the first federal program to provide large-scale training opportunities designed to address job displacement caused by technological advancements. The MDTA primarily targeted low-income individuals and welfare recipients. It allocated funds to local communities based on population size and poverty levels and required states to provide a 10% match, which could be in-kind contributions. Between 1963 and 1972, approximately 1.9 million workers enrolled in MDTA programs, with about two-thirds engaged in classroom training and one-third in on-the-job training. The on-the-job training component was administered by the Job Opportunities in the Business Sector program, run by the National Alliance of Business, while the DOL oversaw classroom training rather than state or local governments.<sup>73</sup>

#### Vocational Education Act of 1963

The Vocational Education Act of 1963 initially supported vocational schools by introducing workstudy programs and funding research. Renamed the Carl D. Perkins Vocational and Technical Education Act (Perkins Act) in 1984, it has been reauthorized multiple times, in 1990, 1998, 2006, and 2018. The 2018 reauthorization, known as the Strengthening Career and Technical Education for the 21st Century Act, updated the terminology from "vocational education" to "career and technical education" and introduced new requirements for integrating academic and technical content and enhanced accountability measures.

The Perkins Act provides substantial federal support, \$1.2 billion were allocated in 2012 and in 2019, to fund career and technical education programs across all 50 states, including initiatives like the Career Pathways program. The Perkins Act, extended through 2024, is overseen by the Office of Career, Technical, and Adult Education within the ED, which manages grants to states and local programs. The Perkins Act directs schools to expand career services and work-based learning partnerships with local businesses to ensure equal access to technical education and remains the primary federal-funding source for improving secondary and post-secondary education. States have discretion in allocating funds but can only allocate 5% for state administration.<sup>74</sup>

#### Economic Opportunity Act of 1964

Enacted as part of the War on Poverty, the Economic Opportunity Act of 1964 (PL 88-452), authorized the formation of local Community Action Agencies to strengthen, supplement, and coordinate efforts to eliminate poverty, expand educational opportunities, increase the net gain for those of low income and unemployed, and address the health and financial needs of the elderly. The Act included 11 key programs, including the following workforce development-related programs:

- Adult Basic Education: Supported grants to state agencies for adult English language instructional programs to improve employment outcomes.
- **Employment Investment Incentives**: Encouraged small business development by providing loans and guarantees of up to \$25,000.

- **Job Corps**: Offered free work, basic education, and training for young people ages 16 to 21 in residential centers. Job Corps is modeled after the Civilian Conservation Corps.
- **Neighborhood Youth Corps:** Provided similar opportunities as Job Corps for the same age group for individuals from families and neighborhoods of low income.
- Volunteers in Service to America: Placed volunteers nationwide to work on community projects. In 1993, it became AmeriCorps. This was the domestic counterpart to the Peace Corps.
- Work Experience Programs: Funded pilot and demonstration projects to expand work experience and training opportunities for those unable to support themselves or those receiving public assistance.
- **Work Study Grants:** Funded part-time employment through colleges and universities for students from families with low income to pursue education.

The act bypassed states and gave money directly to local governments. Among the programs created, Job Corps remains the only DOL program still active, and it is authorized under WIOA Title I. Job Corps has trained over 2 million individuals since 1964.<sup>75</sup>

#### Vocational Rehabilitation Act of 1965

The Vocational Rehabilitation Act Amendments of 1965 (PL 89-333) enhanced the vocational rehabilitation program by increasing the federal-state funding ratio to 75% federal and 25% state, effectively doubling the federal appropriation for the program. The act introduced several significant changes, including extending evaluations to people with severe disabilities to determine if they could benefit from the program before formal acceptance; expanding the definition of handicapped to include individuals with behavioral disorders; eliminating economic need as a requirement to qualify for services; and authorizing additional funding for research, demonstration projects, and funding to higher education to train rehabilitation counselors.

#### Comprehensive Employment and Training Act of 1973

The Comprehensive Employment and Training Act of 1973 (CETA) replaced MDTA and introduced substantial changes to workforce development programs with the dual goals of training workers and providing jobs in public service. A persistent concern under MDTA was the issue of "creaming," in which programs selected participants who were most likely to succeed post-participation.<sup>76</sup> To address this, CETA created categorical programs specifically for groups who were facing high barriers, such as Native Americans, and required annual plans to be submitted with an accounting for how programs would serve those most in need.

CETA's largest program was its public service employment initiative. Several other programs were included in CETA:

- Skills Training Improvement Program: Offered long-term training to dislocated workers through competitively funded projects.
- Help Through Industry Retraining (HIRE): Provided training to veterans through the National Alliance of Business and later through "prime sponsors" (i.e., areas with populations of 100,000 or more were required to submit an annual plan for DOL approval; money was distributed via a formula).
- **Private Sector Initiative Program (PSIP):** Designed to foster collaboration between federally sponsored training programs and the private sector.

HIRE and PSIP were efforts to engage the private sector in federally sponsored training programs. This act transferred substantial decision-making authority from federal to local governments to

allow local entities to determine who was served and how to administer and monitor job-training activities. In 1978, amendments to CETA expanded the role of the private sector by establishing Private Industry Councils (PICs) and addressed concerns that the program was not creating jobs but was substituting federal funds for state and local funding. Despite its initial success in promoting local authority, the added restrictions and qualifications in the amendments ultimately led to CETA's decline in popularity.<sup>77</sup>

#### Job Training Partnership Act of 1982

The Job Training Partnership Act (JTPA) of 1982 was enacted to provide classroom and on-thejob training for low-income and dislocated workers within local service-delivery areas, and it was managed through state governors and PICs. This act marked a shift toward a larger role for state governments, reduced the involvement of federal and local governments, and introduced statelevel monitoring of local program performance. A key change under JTPA was the prohibition of public-service employment, which reflects a focus on training rather than direct job creation.

JTPA sought to increase the role of the private sector in shaping employment and training programs by granting PICs greater authority, which positioned them as boards of directors for local programs and allowed them to be program operators. In 1988, additional changes were made to provide workers with warnings regarding potential layoffs in order to be proactive to the needs of dislocated workers.<sup>78</sup>

In 1992, JTPA was again significantly modified and introduced more prescriptive measures regarding eligibility to target those facing serious barriers to employment and measures to address the outcomes of service delivery. However, under JTPA, only local areas were subject to performance measures.

#### Workforce Investment Act of 1998

The Workforce Investment Act of 1998 (WIA), which replaced JTPA on July 1, 2000, sought to further streamline service coordination by establishing the One-Stop System. This System provided state and local WIA training and employment activities. These centers, now known as American Job Centers (AJCs), were designed to provide comprehensive services under one roof.

WIA replaced PICs with Workforce Investment Boards (WIBs) and intended to grant WIBs and the private sector an even larger role in administering the workforce system. However, research suggests that this increased role did not fully materialize.<sup>79 80</sup> WIA introduced universal access to services, which made resources available to all individuals regardless of employment status or age and emphasized a demand-driven workforce system that is responsive to local employers' needs.

The act maintained the funding formulas of previous legislation but placed a stronger emphasis on individual empowerment in training choices. This was achieved by creating Individual Training Accounts (ITAs), which provided participants with vouchers to choose their preferred training programs from a list of eligible providers. WIA also enhanced youth programs, introduced a performance metric system to increase accountability at all levels, and set criteria for eligible training providers based on performance. WIA also provided additional state and local flexibility through mechanisms such as implementing unified planning, using waivers, and adding flexibility to tailor delivery systems to meet local needs.

Despite its goal of streamlining services, WIA required a sequential order of service delivery start with core services (e.g., job-search assistance), move to intensive services (e.g., comprehensive assessment, individualized employment plans, counseling), and end with training services—that limited the effectiveness of service integration. Participants who reached the training phase could use their ITAs to enroll in their preferred training with an approved provider.

Furthermore, funding for the one-stop infrastructure continued to be a challenge as different visions and goals emerged among partners about the operationalization of service integration. Discrepancies emerged in program goals, customer needs, organizational culture, logistical issues related to colocation, information-system requirements, and separate reporting and performance mandates for each program. Despite these obstacles, states and local areas successfully established universal access through the one-stop system, and nearly 2,000 centers became operational by 2003. Notably, 40% of local areas had six or more access points for services. However, this broad access also created tension by stretching resources thin, particularly for those most in need.<sup>81 82</sup>

WIA positioned the federal government as the standard-setter for the states and specified the use of unemployment insurance wage records as the primary data source for performance evaluation. To ensure fairness, statistical models were employed to assess performance standards and levels across different areas.

Workforce Development programs and legislation are summarized in Table 2, and a timeline is provided in Figure 1.

Name	Date Created	Purpose	Modified
U.S. Bureau of Labor	June 1884	Collected information on labor and employment	
Department of Labor	March 1913	Fostered, promoted, and developed the welfare of working people to improve working conditions and to enhance opportunities for employment	
Smith-Hughes Act	February 1917	Established federal funding for vocational education in high schools	
Wagner-Peyser Act	June 1933	Created a national system of public employment offices to connect job seekers with employment opportunities	Revised: 1998 and 2014
National Apprenticeship Act	August 1937	Established the registered apprenticeship system	
National Defense Education Act	September 1958	Provided funding to states to improve education in science, technology, and languages, and introduced low-cost student loans.	
Manpower Development Training Act	March 1962	Funded training and retraining for workers who were unemployed due to automation and technological change	Replaced by the Comprehensive Employment and Training Act of 1973
Vocational Education Act	December 1963	Provided money to states to create new and improved existing vocational education	Reauthorized: 1990, 1998, 2006, and 2018
Economic Opportunity Act	August 1964	Created education and job training programs and community support programs (i.e., Job Corps, Head Start)	

#### Table 2

History of Workforce Development Programs and Legislation

Name	Date Created	Purpose	Modified
		and funded work-study grants for students	
Vocational Rehabilitation Act	November 1965	Enhanced vocational rehabilitation programs by increasing the federal to state funding ratio and extending the evaluation period to determine individuals' service needs	
Comprehensive Employment and Training Act	December 1973	Funded job training opportunities for the unemployed, underemployed, and economically disadvantaged, and provided them with jobs in public service	Reauthorized: 1978 Replaced by the Job Training Partnership Act in 1982
Job Training Partnership Act	October 1982	Provided classroom and on-the-job training for low-income and dislocated workers	Modified:1992 Replaced by the Workforce Investment Act of 1998
Workforce Investment Act	August 1998	Created a national system for employment and workforce preparation	Replaced by the Workforce Innovation and Opportunity Act in 2014

Note. If the program or legislation was revised, amended, replaced, or reauthorized after its initial passage, it is annotated in the Modified column. Blue shaded rows indicate major legislation that is part of the current workforce development system.

### Figure 1





### History of Dedicated Veterans Workforce Development Policies and Programs

This section presents the influential historical policies from Servicemen's Readjustment Act of 1944 to the present that (1) are administered at least in part by DOL or ED, (2) include veterans, and (3) have a component that impacts state workforce delivery services. Some of these policies were mentioned in the previous section and are denoted with an asterisk. This section presents only the veteran-relevant parts of acts that may apply to veterans and civilians.

While not mentioned explicitly in the details below, much of the historical legislation that involves veterans is regarding employee rights and protections (e.g., the Uniformed Services Employment and Reemployment Rights Act of 1994); veteran preference in federal and state hiring (e.g., Veterans Employment Opportunities Act of 1998); and employer recognition for recruitment, employment, and retention of veterans (e.g., Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017). According to a survey administered to all 50 state governments and Washington D.C., 46 states, and the federal government, offer hiring preference to veterans. In PA, qualifying veterans are provided with preferential hiring for state civil service

jobs. Veterans, surviving spouses of deceased service members, and spouses of permanently and totally disabled veterans will have 10 points added to their passing civil service appointment examination score. This score determines their placement on the eligibility list provided to the hiring authority.<sup>83</sup>

#### Servicemen's Readjustment Act of 1944 (P.L. 78-346)

The Servicemen's Readjustment Act of 1944, commonly known as the GI Bill of Rights, was enacted to facilitate the reintegration of veterans into the civilian workforce. The act provided veterans with assistance with college education or vocational training, home loans with low interest rates, unemployment allowances, and insurance. The act also reestablished the Veterans' Employment Service and assigned veterans' employment representatives in each state, which made way for the introduction of Local Veterans' Employment Representatives (LVERs) in 1988.<sup>84</sup> <sup>85</sup> A key component of the act, Chapter 31 established a vocational rehabilitation program specifically for active duty service members and veterans with service-connected disabilities. This program offers comprehensive support, including vocational and personal adjustment counseling, training assistance, a monthly subsistence allowance during training, and post-training employment assistance. In addition, independent living services may be provided to enhance the vocational potential of participants or to improve the independence of current participants who are unable to work.

#### **Comprehensive Employment and Training Act of 1973\***

In 1977, President Carter issued an executive order that created the Disabled Veterans' Outreach Program (DVOP) as a pilot under the Comprehensive Employment and Training Act (CETA). This program was designed to be staffed within AJCs, where DVOP specialists actively conduct outreach in their communities by encouraging veterans to utilize available employment services. In 1980, P.L. 96-466 passed and established the DVOP as a permanent program.

#### Vietnam Era Veterans' Readjustment Assistance Act of 1974 (P.L. 92-540)

The Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA) was enacted during the Ford Administration to address employment discrimination against Vietnam-era veterans. Despite its name, today, VEVRAA protections are not limited to Vietnam-era veterans; they also protect the employment rights of disabled veterans, recently separated veterans, active duty wartime veterans, campaign badge veterans, and Armed Forces service medal veterans.

The act mandated that employers with federal contracts of now \$150,000 (was \$25,000 in 1974) or more provide equal opportunity and implement affirmative action policies for veterans. Employers must send job openings to ES, and protected veterans are given priority for these openings.

#### Job Training Partnership Act of 1982\*

The Job Training Partnership Act (JTPA) of 1982 directed the Secretary of Labor to offer specialized programs for veterans who have service-connected disabilities, Vietnam-era veterans, and recently separated veterans.

#### McKinney Homeless Assistance Act of 1987 (P.L. 100-77)

This was the first federal legislation to comprehensively address homelessness. This act included provisions that specifically targeted veterans and job training initiatives. It mandated the Secretary of Labor to allocate grants for job-training demonstration projects to address homelessness. States were required to develop comprehensive plans for coordinating these projects, and a focus on basic skills development, literacy, job search assistance, and counseling services was implemented. The act stipulated that the federal government would cover 50 to 90% of the costs

for these demonstration projects each fiscal year, and states were allowed to contribute their share either in cash or in-kind. The act also tasked the Secretary of Labor with overseeing these grant projects, which were designed to reintegrate homeless veterans into the labor force, and were administered through the Veterans' Employment and Training Service (VETS).

#### Veterans' Employment, Education, and Counseling Amendments of 1988 (P.L. 100-323)

This act provided detailed job descriptions for DVOP and LVER positions and introduced hiring and reduction-in-force protections for these roles. The act mandated the VETS to monitor and report on the affirmative action hiring of veterans by federal contractors (38 USC 4212) and established affirmative action requirements for hiring and advancing veterans within federal agencies (38 USC 4214).<sup>86</sup>

#### Workforce Investment Act of 1998\*

WIA authorizes national programs for veterans as part of Title I. Veterans Workforce Investment Program (VWIP) offers competitive grants to public and nonprofit organizations to provide training and/or employment services to veterans. VWIP received \$14.6 million in FY 2012. VWIP currently remains authorized but has not received an appropriation since FY 2012. As part of WIA, LVERs became part of the one-stop delivery system and are physically stationed at the centers.

#### Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106-50)

This act was passed to "organize, coordinate, enhance, and expand existing business programs and services to military veterans interested in entrepreneurship." <sup>87</sup>Although not a DOL program, the Veterans Entrepreneurship and Small Business Development Act does provide employment and training opportunities for veterans and has a priority of service provision. Under the Act, the National Veterans Business Development Corporation was established to promote entrepreneurship and improve technical assistance. The National Veterans Business Development Corporation uses public and private resources to aid veterans who want to form or expand their small businesses and to create and maintain job and training resource tools to be used by veterans. Various services are offered, including workshops and seminars on small business development. Participants paid a minimal fee to enroll but were granted a voucher for a computer upon completion of the program. Mentoring, networking, and technology topics are fully incorporated into the programs.

#### Jobs for Veterans Act of 2002 (P.L. 107-288, 112-56, 111-275)

The Jobs for Veterans Act (JVA) mandates that veterans and certain categories of veteran spouses receive priority service in all DOL-funded training programs.<sup>88</sup> The act also amended the VEVRA to require federal contractors that had agreements of \$100,000 or more to implement affirmative action measures for protected classes of veterans.

JVA established a performance-incentive awards program for state-administered programs. This initiative aims to modernize and improve veteran employment services and recognize outstanding contributions by employees such as DVOPs, LVERs, and ES individuals through cash and other nonfinancial awards.

The Act required the creation of a performance-accountability system for veteran employment services. States were mandated to apply for grants or contracts to provide services through DVOPs and LVERs, and funding was allocated based on the number of veterans seeking employment. JVA stipulates that 1% of these funds be used for the performance-incentive awards program that recognizes employees who provide excellent service or significantly improve service provision. Furthermore, states are required to employ a sufficient number of DVOPs and LVERS (7,400 specialists and 1,600 representatives) and report quarterly on services and priorities for

eligible veterans. States must also hire qualified veterans or eligible individuals to conduct these employment services.<sup>89</sup>

#### Homeless Veterans Comprehensive Assistance Act of 2001

This act required coordination of employment services for veterans who were at risk of homelessness. It also authorized \$250 million for the DOL Homeless Veterans Reintegration Program (HVRP).<sup>90</sup> Additionally, this act allowed veterans who were receiving vocational rehabilitation to seek services through compensated work-therapy programs, which support veterans with physical and mental health challenges through partnerships with employers.

#### Veterans Opportunity to Work to Hire Heroes Act of 2011 (P.L. 112-56)

The VOW to Hire Heroes Act amended USC Title 38 - Veteran Benefits, Sections 4103A and 4104 to state that DVOPs, LVERs, and those in consolidated positions are prohibited from performing nonveteran-related duties that detract from their ability to perform their statutorily defined duties related to meeting the employment needs of eligible veterans. This act also provided a range of services to help veterans transition to civilian employment, including retraining, tax credits for employers who hire veterans, and improvements to Transition Assistance Program (TAP).<sup>91</sup> Specifically, the Act authorized the Work Opportunity Tax Credit, which provided credit to employers who hire veterans and other eligible populations (e.g., exfelons, individuals on public assistance) by paying up to 40% of the eligible worker's wages during their first year of employment.<sup>92</sup>

Another temporary program authorized as part of the VOW to Hire Heroes Act was the Veterans Retraining Assistance Program (VRAP) intends to help unemployed veterans between the ages of 35 and 60, who are not eligible for the GI Bill or other Department of Veterans Affairs education programs, receive up to 12 months of training benefits. VRAP benefits are limited to community colleges and technical schools in high-demand occupations.<sup>93</sup> The Department of Veterans Affairs Affairs stopped accepting applications for this program in 2013.

Dedicated veteran workforce development programs and legislation are summarized below in Table 3, and a timeline is provided in Figure 2.

Table 3

History of Veterans Workforce Development Programs and Legislation

Name	Date Created	Purpose	Modified
Servicemen's Readjustment Act	June 1944	Provided veterans funds for college and vocational education, low- interest mortgages, and unemployment insurance. The Act established the Veterans' Employment Service.	Expired in 1956
Comprehensive	Executive Order	Created the Disabled Veterans'	
Employment and Training Act	signed in 1977	Outreach Program	
Vietnam Era Veterans'	December 1974	Protects veterans against	New rules went
Readjustment Assistance Act		discrimination in employment	into effect in 2014
Job Training	October 1982	Offered specialized employment and	
Partnership Act		training services for veterans	
McKinney Homeless	July 1987	Included provisions to mitigate	
Assistance Act		veteran homelessness	

Name	Date Created	Purpose	Modified
Veterans' Employment, Education, and Counseling Amendments	May 1988	Created job descriptions for DVOPs and LVER positions, and mandated affirmative action hiring of veterans by federal contractors and agencies	
Workforce Investment Act	August 1998	Authorized job training and employment services for veterans through WIA Title 1 framework. LVERs became part of the one-stop delivery system	
Veterans Entrepreneurship and Small Business Development Act	September 1999	Assisted veterans in forming or expanding a small business	
Jobs for Veterans Act	November 2002	Mandated that veterans receive priority in Department of Labor training programs and establishes a performance accountability system for state veterans' employment services	
Homeless Veterans Comprehensive Assistance Act	Dec 2001	Funds the Homeless Veterans Reintegration Program and requires the Department of Veterans Affairs to assist local community's homeless programs.	
VOW To Hire Heroes Act	November 2021	Provides tax credits for businesses that hire veterans, allows service members to begin the federal job- search process before leaving the military, and broadens the definitions for federal government veterans hiring preference.	

Note. If the program or legislation experienced known changes after initial passage, it is annotated in the Modified column. Blue shaded rows indicate major legislation that is part of the current workforce development system.

#### **Figure 2** *Timeline of Dedicated Veterans Workforce Development Programs and Legislation*



# **Current Policies and Programs Supporting Workforce Development**

The Workforce Innovation and Opportunity Act of 2014 (WIOA) is the current primary federal workforce development legislation. This report focuses on the implementation of WIOA as the central framework for workforce development. However, the past 4 years have seen unprecedented investments in this area through other significant legislative measures, including the Bipartisan Infrastructure Law (BIL), the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Sciences Act, and the Inflation Reduction Act (IRA).

While the BIL does not provide a statutory role for state workforce development, it does offer states an opportunity to assume a proactive role in its implementation. States can expend funds from surface transportation toward workforce development and promote long-term planning to meet infrastructure workforce needs. Furthermore, local hiring requirements can be introduced to support underserved communities.<sup>94</sup>

The CHIPS and Science Act allocated \$11 billion for research and development and \$39 billion to help employers boost production. The Department of Commerce will oversee a grant program

for eligible private and nonprofit applicants, which must include commitments from higher education institutions and training entities to provide workforce training for economically disadvantaged individuals from underrepresented communities. This act creates an opportunity for state and local boards to identify and convene partners to support these efforts.

The IRA's \$369 billion investment in clean energy industries aims to enhance jobs and expand workforce training pathways. The law sets targeted labor and workforce development standards, particularly around prevailing wages and registered apprenticeships. State and local boards can assess how IRA investments may expand manufacturing and clean energy sectors within their regions, and they can develop sector-based strategies that integrate meaningful career pathways into these job markets.

#### The Workforce Innovation and Opportunity Act of 2014

The Workforce Innovation and Opportunity Act of 2014 (WIOA; P.L. 113-28) came into effect on July 1, 2015, and replaced the Workforce Investment Act (WIA). Initially, authorized for FY 2015 through FY 2020, WIOA incorporates the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. WIOA has been due for reauthorization since 2020 but has continued to be funded through temporary extensions in annual appropriations (Center for American Progress). In April 2024, the U.S. House of Representatives passed the Stronger Workforce for America Act, which is a bill that reauthorizes WIOA, but the bill was not signed into law.

WIOA was designed to help workers acquire skills and gain employment and assist employers in hiring and retaining qualified personnel. More broadly, it intended to enhance the public workforce system by aligning education- and economic development efforts to create a collective response to economic and labor market challenges on the national, state, and local levels.<sup>95</sup> In 2022, WIOA served nearly 3 million participants, including 299,910 through WIOA Adult, 212,018 through WIOA Dislocated Worker, 132,506 through WIOA Youth, and 2,344,726 through the Wagner-Peyser program (which is comprised of job seekers using public employment offices for job-placement services). The employment rate in the second quarter after program exit in 2022 was 74.4% for the Adult program, 71.4% for the Dislocated Worker program, 73.9% for the Youth program, and 68.2% for the Wagner-Peyser.<sup>96</sup> The cost per participant served for career services is \$1,512, and the cost for training services is \$2,332.<sup>97</sup>

The Department of Labor (DOL) administers WIOA programs in coordination with the Department of Education (ED) and the Department of Health and Human Services (HHS). The DOL provides funding, sets employment and training priorities and eligibility criteria, and ensures system monitoring and oversight. The law's intent is to increase coordination among agencies by providing workforce development services and helping job seekers access employment, training, and support services while matching employers with qualified workers.

WIOA programs are a 100% federally funded decentralized model that allocates grant funding to states based on a statutory funding formula. The formula for states is based on the relative number in the civilian labor force (2/3 of the funds) and total unemployment (1/3 of the funds).<sup>98</sup> Of the funds, 90% are used for labor-exchange services, and the remaining 10% is allocated to a governor's reserve and can be used for incentives and services to groups with special needs.<sup>99</sup> WIOA requires governors to submit a 4-year plan that outlines a unified state's workforce development strategy and how WIOA's core programs will be implemented. Plans are drafted according to jointly issued instructions from DOL and ED and are approved by each respective agency. States are required to update their plans at the end of the first 2 years of every 4-year

plan period. This report focuses on state-level programming, so WIOA is discussed in relation to the delivery and funding of these programs.

WIOA supports job seekers by funding regionally-driven career and training services such as career counseling, interest and skill assessments, personalized employment plans, employability skills, job-search assistance, occupational training, and on-the-job training. These services are universally accessible to individuals regardless of age or employment status, and no requirement for qualifying characteristics exists. However, priority access is given to recipients of public assistance, individuals with low income, individuals with skills deficiencies, and individuals who face barriers to employment.<sup>100</sup> In addition, veterans and eligible spouses receive priority for all DOL-funded programs. Unlike WIA, WIOA does not have a sequence of services; individuals can receive training rather than career services if they meet certain conditions.

WIOA consists of five titles: Workforce Development Activities (Title I), Adult Education and Literacy (Title II), Amendments to the Wagner-Peyser Act (Title III), Amendments to the Rehabilitation Act of 1973 (Title IV), and General Provisions (Title V). Descriptions of each are listed in the table below.

Title No.	Title Name	Description	Federal Administration	State Dollars (FY22)
Title I	Workforce Development Activities	States the workforce development boards are authorized to fund, oversee, and hold accountable selected providers who offer skills training and supportive services to the unemployed and underemployed. Establishes the governance and accountability system for WIOA. This title provides funds for state formula grants for youth, adult, and dislocated worker training and employment activities.	DOL through the Employment and Training Administration	\$3.2 billion
Title II	Adult Education and Literacy	Authorizes education services to assist adults in improving their basic skills, completing secondary education, and transitioning to postsecondary education.	ED	\$7 million
Title III	Amendments to the Wagner- Peyser Act of 1933	Integrates the U.S. Employment Service* into the nation's one-stop system.	DOL	\$6.2 million
Title IV	Amendments to the Rehabilitation Act of 1973	Ensures individuals with disabilities have access to vocational rehabilitation services in the One-Stop Career Centers.	ED	\$3.5 billion
Title V	General Provisions	Administration of WIOA and the specific transition provisions from WIA of 1998 to WIOA.	-	-

### Table 4

WIOA Titles

Note. \*U.S. Employment Service is authorized by separate legislation but is critical to the one-stop system in WIOA.

#### **Core Programs**

There are six core WIOA programs: (1) Adult, (2) Dislocated Worker, and (3) Youth Programs (Title I), (4) Adult Education and Family Literacy (Title II), (5) Wagner-Peyser Employment Services (Title III), and (6) Vocational Rehabilitation (Title IV). Table 5 provides a description of each program. Four of these programs are administered by the DOL: Adult, Dislocated Worker, Youth, and Wagner-Peyser Employment Services. The remaining two programs, Adult Education and Family Literacy and Vocational Rehabilitation, are administered by ED.<sup>101</sup>

#### Table 5

WIOA Core Programs <sup>102</sup>

Program	Eligibility	Provided Services		
Department of Labor Programs				
Adult Employment and Training Activities (Title I – Adult Program)	Provides training and employment services to individuals 18 years old and older. Priority of Service: Public assistance recipients, individuals with low income, individuals who are deficient in basic skills, veterans, and veteran spouses. <sup>103</sup>	Job-search assistance, career counseling for work-ready participants, occupational-skills training, classroom training, or on-the-job training for non- work-ready participants.		
Dislocated Worker Employment and Training Activities (Title I – Dislocated Worker Program)	Provides training and employment services for workers who become dislocated as the result of a job loss, mass layoff, or other changes, and intends to assist with reemployment. Open to workers who have anticipated job loss or who are self-employed but unemployed because of general economic conditions. Open to spouses of members of the Armed Forces who experienced loss of employment due to relocation from a permanent change in station. <sup>104</sup>	Provides the same services as the Adult program.		
Youth Workforce Investment Activities (Title I – Youth Program)	Provides services to youth with low income, youth who have barriers to employment, in-school youth (i.e., ages 14 to 21, and out-of-school youth (i.e., ages 16 to 24) to help them prepare for employment and post-secondary education.	Educational supports, occupational-skills training, career counseling, case management for educational attainment, career guidance and exploration, and work experience.		
Wagner-Peyser Employment Services (Title III – Employment Services)	Provides employment services to job seekers and employers.	Assist individuals with job search and job placement and employers with recruitment.		
Department of Education	Programs			
Adult Education and Family Literacy	Provides services to older youth and adults to improve basic skills, achieve	Education and training services.		

Program	Eligibility	Provided Services
(Title II – Adult Education)	proficiency in English, complete secondary education, and transition to post-secondary education or self- sufficiency.	
Vocational Rehabilitation State Grant Programs (Title IV – Vocational Rehabilitation Program)	Provides services to assist individuals, youth and adults, who have disabilities prepare for, secure, retain, advance in, or regain employment.	Pre-employment transition assistance to help students who have disabilities by providing counseling, job training, job research and placement assistance, disability-related skills training, technological assistance, and employment supports. Helps employers hire and on-board individuals with disabilities.

#### Local Implementation: The AJCs & Workforce Development Boards

A key element of WIOA is addressing employers' needs for skilled workers through local decisionmaking and control of resources. To this end, there are State Workforce Development Boards (State WDB) and Local workforce Development Boards (LWDBs). WIOA specifies the composition of each of these boards and the minimum number of representatives from the public and private sectors, including employers, labor unions, community-based organizations, and education and training providers. The State WDB is responsible for developing and implementing the Combined or Unified State Plan, which aligns workforce programs, designates Local Workforce Development Areas (LWDAs), determines the formula and distribution of funds, regulates performance accountability, implements reporting to DOL, and develops the labor market information system.

LWDBs are tasked with developing and implementing strategies that are tailored to the unique needs of the local economy. They collaborate closely with employers and education and training providers to identify skills gaps and ensure workers are prepared for local job opportunities. Strengthening the knowledge and skills base of the local workforce is also intended to attract new businesses, industries, and job opportunities and, thereby, foster economic growth. LWDBs oversee the American Job Center (AJC) system, which offers job seekers various employment and training services, including job-search assistance, skills assessments, career counseling, and training programs.

WIOA strengthened the role of LWDBs and emphasized the need for greater collaboration within the workforce system. To achieve this, WIOA requires that each state establish a State WDB and create an eligible training provider list, so prospective workers can research career and training options. Eligible Training Providers (ETPs) receive funds from the Adult and Dislocated Worker programs. These providers may include community colleges, universities, adult education program providers, and entities that carry out registered apprenticeships. ETPs are decided by the governor and the State WDB with local input. States must also operate at least one physical AJC in each regional area that is staffed by state merit employees.<sup>105</sup> These facilities, also known as "One-Stop Centers," serve as the central hub for WIOA and partner-funded employment and training services. Nationwide, in 2022, there were over 3,000 One-Stop Centers.<sup>106</sup> Besides the core programs that are required to be present at the AJC, there are several other required One-Stop partner programs:<sup>107</sup>

- DOL Program Partners: Job Corps, YouthBuild, Indian and Native American Programs, National Farmworker Jobs Program, Migrant and Seasonal Farmworker programs, Senior Community Service Employment Program, Trade Adjustment Assistance, Unemployment Compensation Programs, Jobs for Veterans State Grants, Reentry Employment Opportunities
- **ED Program Partners:** Perkins Career and Technical Education Act programs
- Department of Housing and Urban Development (HUD) Program Partner: Employment and Training Programs (e.g., Section 3 program requires the HUD financial assistance recipients be provided with training, employment, contracting, and other economic opportunities)
- **HHS Program Partners:** Community Services Block Grant employment and training programs and Temporary Assistance for Needy Families (TANF); however, the governor can determine whether TANF will be a required partner<sup>108</sup>
- Department of Justice (DOJ) Program Partners: Reintegration of offenders program

#### Waivers

States can request waivers to provisions of WIOA to promote innovation and improve outcomes. However, there are several areas where waivers are not allowed (e.g., wage and labor standards, allocation of funds to local areas, worker rights, eligibility of providers or participants).<sup>109</sup> However, waivers have been approved that are related to increasing employer reimbursement for on-the-job training (7 waivers), allowing the state workforce development board to act as the local workforce development board (5 waivers), allowing more than 10% of WIOA Title I Adult and Dislocated Worker local formula funds to be used for the provision of transitional jobs (2 waivers), modifying the membership requirements of the state Workforce Development Board (2 waivers), and modifying the performance requirements used to negotiate LWDB performance (1 waiver). For a full list of <u>approved waivers</u>, see the Approved WIOA Waivers by Waiver Type (2024). PA has no active waivers.

#### Performance Accountability

Accountability is spelled out in Section 116 of WIOA, which establishes indicators and performance and reporting requirements to assess the effectiveness of states in achieving positive outcomes for those served by the core programs. WIOA requires states to establish annual performance targets and determine the extent to which they meet them. These targets are negotiated with DOL and ED. Participant characteristics and differences in state economic condition factor into the negotiations.

**Core Program Measures.** There are two sets of measures applied to core programs: (1) indicators of performance and (2) levels of performance. Indicators are objective variables that states and localities must report on and are specified in the statute; however, states may have additional indicators they require in addition to the minimum set by law. Levels of performance are numerical scores for each of the indicators, and scores are negotiated between states, localities, DOL, and ED. Table 6 presents Employment, Education, and Employer outcomes at the national and state level.

#### Table 6

Core Performance Measures

Outcome Type	Indicator <sup>110</sup>	Nationally (Adult – 2022) <sup>111</sup>	Pennsyl (Adult - :	vania 2022) <sup>112</sup>
			Goal	Actual
Employment Outcomes	<i>Employment 2<sup>nd</sup> Quarter</i> Percent of program participants in unsubsidized employment in the second quarter after exiting the WIOA core program.	74.4%	73%	77.6%
	<i>Employment 4<sup>th</sup> Quarter</i> Percent of program participants in unsubsidized employment in the fourth quarter after exiting the WIOA core program.	71.7%	71%	75%
	<i>Median Earnings</i> Median earnings of program participants in unsubsidized employment in the second quarter after exiting the WIOA core program.	\$8,272	\$6,250	\$7,820
Education Outcomes	<b>Credential Attainment Rate</b> Percent of program participants who obtain a recognized post-secondary credential during participation or within 1 year after exit of the WIOA core program.	70.7%	67%	72.8%
	<i>Measurable Skills Gains</i> Percent of program participants who are in an education or training program that leads to a recognized post- secondary credential or employment and who are achieving measurable skill gains toward such a credential or employment (e.g., satisfactory or better progress report from an employer or training provider; passage of a knowledge-based exam required for a particular occupation).	69.1%	50%	71%
Employer Outcomes	<i>Effectiveness in Serving Employers</i> The indicators of effectiveness in serving employers established by the Secretaries of Labor and Education.	Not Yet Defined	-	-

Notes. For the youth program, employment outcomes also include the percent of participants who are in education or training activities during the second or fourth quarter. For the credential attainment rate, participants obtaining a secondary school diploma, or its equivalent, must also obtain or retain employment or be in an education or training program that will lead to a recognized post-secondary credential within 1 year after exiting the core WIOA program. States use wage records as an indicator of employment status. State unemployment agencies maintain these data. In PA, 9,888 total participants were served during the cohort period, 9,887 received career services, and 4,421 received training services. 6,212 participants exited during the cohort period. For the effectiveness in serving employers' metrics, this indicator is not yet defined. There are pilot approaches underway between the DOL and ED, and states are to establish an official indicator. In September 2022, the DOL and ED issued a proposed rule to establish how to measure this indicator after having piloted three approaches. PA selected two measures suggested by the federal pilot to include in the 2023 plan: annual Employer Penetration Rate and Repeat Business Customers. PA also implemented three of its own state-established measures: quarterly Employer Penetration Rate, quarterly Repeat Business Customers, and quarterly Active Job Orders with Referrals.<sup>113</sup>

**Common Data Elements.** All core programs are required to collect data on participant characteristics (e.g., race), barriers to employment (e.g., ex-offender status), services participants receive, outcomes of these services, and whether participants enrolled in more than one program.

**Labor Market Information.** As part of WIOA, the DOL Employment and Training Administration currently provides grants to states, called Workforce Information Grants to States, to finance the production and dissemination of state-specific workforce and labor market information (LMI). The methodology used to produce state LMI is based on the approach used to produce national employment projections. LMI relies on multiple sources of technical support and

cross-state coordination to ensure accurate and methodologically consistent information; these sources include the Bureau of Labor Statistics (BLS)/LMI Oversight Council, the Workforce Information Advisory Council, and the Projections Management Partnership. Additional technical support and training are provided by two state membership programs, the National Association of State Workforce Agencies and the LMI Institute.<sup>114</sup>

**Eligible Training Providers.** WIOA also requires states to report the extent to which training programs that have been approved to receive funds successfully help students attain academic credentials and employment. States must submit performance reports that include information on each eligible program on the Eligible Training Providers list (<u>ETP list</u>) and include program cost, description, credentials, and various employment and education outcomes of participants who exited the program. Outcomes are required on a program basis, so providers who offer multiple programs must submit outcome data for each program.

#### Veteran-Specific Federal Workforce Guidance

#### Department of Labor Veterans' Employment and Training Service

The Department of Labor Veterans' Employment and Training Service (VETS) was established in 1981 to provide job training and other employment services to veterans, service members, and their spouses. The mission of VETS is to prepare the target audience for meaningful careers, provide them with employment resources and expertise, protect their employment rights, and promote their employment opportunities.

VETS operates at federal, regional, state, and local levels and is supported by the national office and six regional offices in Atlanta, Boston, Chicago, Dallas, Philadelphia, and San Francisco. A Regional Administrator leads each Regional Office, and each state office is led by a Director for Veterans' Employment and Training. In 2021, VETS staff, contractors, and grantees served over 370,000 customers.<sup>115</sup> VETS also operates the National Veterans Training Institute (NVTI), which has provided professional development to veteran service providers to improve the quality and effectiveness of those services since 1986. The focus of NVTI is to offer training and certification to DVOPS and LVERs. Over \$3.4 million was appropriated in FY 23 for the NVTI.

In addition to DOL, the Small Business Administration, Office of Personnel Management, the Department of Homeland Security, the Department of Veterans Affairs, and the Department of Defense administer programs that help service members transition to civilian life. VETS provides oversight for employment-related activities for certain programs operated by these agencies, for example the Transition Assistance Program (TAP).

Several federal programs assist veterans in developing job skills and securing employment. RAND identified 45 federal programs that help service members transition to civilian employment.<sup>116</sup> In addition to these programs, the federal government funds competitive grant programs for state, local, and private entities to provide employment-oriented services to veterans.

 Homeless Veterans Reintegration Program: Provides competitive grants to organizations that offer employment services, including resume assistance; job training; and supportive services like housing, transportation, and mental health referrals. The goal is to assist veterans in achieving meaningful employment and to develop a servicedelivery system that addresses the problems facing homeless veterans. FY 2024 appropriations for Homeless Veterans Reintegration Program (HVRP) were \$66 million.<sup>117</sup>

- Veterans Upward Bound: Prepares educationally disadvantaged veterans for postsecondary education. FY 2023 appropriations for Veterans Upward Bound, administered by the ED, were \$22 million, and 68 institutions and organizations were awarded a grant. On average, each grantee was awarded \$324,511 and served 132 participants, which amounted to an average cost of \$2,459 per participant.<sup>118</sup>
- Jobs for Veterans State Grant: Provides federal funding, through use of a formula, to 54 state workforce agencies. These agencies hire dedicated staff who provide individualized career and training services to veterans and who work with employers to develop job opportunities for veterans. Jobs for Veterans State Grant (JVSG) funding supports the Disabled Veterans' Outreach Program Specialists (DVOPS) and Local Veteran Employment Representatives (LVERs)<sup>119</sup> by providing \$173.2 million to states in FY 2022.<sup>120</sup> JVSG funds are allocated to state workforce agencies in direct proportion to the number of veterans who are seeking employment in a state compared to the total number of veterans seeking employment in all states. DVOPS served 44,674 veterans in Program Year<sup>d</sup> (PY) 2022, which amounts to a \$3,877.30 cost per veteran served. At the state level, in FY 2022 in Pennsylvania, 626 participants were served, which amounts to \$11,548 per veteran. The cost of the 753 participants who exited a program was lower at \$9,600 per participant. The DOL defines exited the program as when a participant has not received program services for more than 90 days. <sup>121</sup>

Table 7 outlines the eligibility requirements for the VETS programs and the services each program provides. Table 8 lists the VETS programs budget allocations, number of participants served, and metrics.

Program	Eligibility	Provided Services	
Department of Labor Pro	Department of Labor Programs		
Homeless Veterans Reintegration Program (HVRP)	Participants must meet the federal definition of a veteran and have received an other than dishonorable discharge, must be homeless or at risk for homelessness, must be participating in partner programs including supportive housing, or must be transitioning from incarceration.	Employment services, including resume assistance, job training; and supportive services, including housing, transportation, and mental health referrals.	
Jobs for Veterans State Grant (JVSG)	DVOPS can assist veterans who served on active duty for more than 180 days or who have a campaign badge and have received an other than dishonorable discharge. They must be experiencing a qualifying situation (i.e., have been released from active duty in the last 3 years, have a service-connected disability, have been experiencing	Assessments, career-coaching services, employment plans, and referrals to supportive services for veterans who have barriers to employment.	

#### Table 7

Veterans' Employment and Training Service Managed Programs

<sup>&</sup>lt;sup>d</sup> Pennsylvania uses the term Program Year (PY) to denote the period in which services were provided (e.g., calendar year, school year).

Program	Eligibility	Provided Services				
	homelessness, have been on public assistance).					
Department of Education Programs						
Veterans Upward Bound	Participants must have served on active duty for more than 180 days and have received an other than dishonorable discharge, must be low-income or a prospective first-generation college student preparing to enter post-secondary education, and must be at high risk for academic failure.	Counseling, mentoring, tutoring and academic instruction in core subject areas.				

### Table 8

Veterans' Employment and Training Service Programs FY 2023 Budget, Number Served, and Metrics

Program	FY2023 Enacted Budget Amount (in millions)	FY2020 Number Served	FY2020 Outputs	FY2020 Outcomes
Homeless Veterans Reintegration Program	\$ 65.5	14,744	<ul> <li>Employment rate 2<sup>nd</sup> quarter after exit: 53%</li> <li>Employment rate 4th quarter after exit: 33.3%</li> <li>Median earnings 2<sup>nd</sup> quarter after exit \$7,540</li> </ul>	Unknown
Jobs for Veterans State Grant	\$179.4	42,000	<ul> <li>Employment rate 2<sup>nd</sup> quarter after exit for veterans served by DVOP: 53.3%</li> <li>Employment rate 4th quarter after exit for veterans served by DVOP: 51.9%</li> <li>Median earnings 2<sup>nd</sup> quarter after exit \$6,957</li> </ul>	Unknown
National Veterans Training Institute	\$ 3.4	4,000(*)	<ul> <li>Percent of students taking courses (in person and virtual)</li> </ul>	Unknown
Transition Assistance Program	\$ 33.3	10,000 courses to 150,000 transitioning service members and spouses	<ul> <li>90% facilitator satisfaction</li> <li>5,167 workshops delivered Fundamentals of Career Transition</li> <li>4,105 DOL workshops</li> <li>973 DOL Career and Credential Exploration workshops</li> <li>109,888 DoD Number of Participants Transitioning</li> </ul>	Unknown
Program	FY2023 Enacted Budget Amount (in millions)	FY2020 Number Served	FY2020 Outputs	FY2020 Outcomes
--	--	--	--	--------------------
Federal Administration - USERRA Enforcement	\$ 53.6	870 accepted HIRE Vets Medallion applications	<ul> <li>85.6% USERRA investigations completed within 90 days</li> <li>96% of USERRA cases closed</li> </ul>	Unknown
Total Funding	\$335.3			

Notes. Rows shaded blue are programs that are federally funded but administered by states through formula grants. (\*) This number includes individuals who have taken more than one course. Metrics are for FY 2020 and are actuals rather than goal targets. JSVG and HVRP metrics are aligned to WIOA. In FY 2023, the goal targets are 60% and 58% and \$6,600 for the three metrics for JSVG. For HVRP, the targets are 54%, 51%, and \$7,200. The goal for NVTI is for 50% of participants to attend online versus in-person training. The goal for Federal Administration is 1,000 medallions, 84.5% of investigations completed within 90 days, and 95% of investigations closed. All programs are funded by the unemployment trust funds with the exception of HVRP, which is funded by general funds. In the budget justification document for FY 2023 funds, JVSG includes an expansion of the program to Gold Star Spouses and funding for 1,800 DVOPs and LVERs.

DOL administers VETS by allocating funding and providing direction to state workforce development agencies. Regulations dictate program-recipient priorities, personnel responsibilities, intake processes, and performance-reporting requirements. JVSG services are delivered at AJCs alongside WIOA Adult and Wagner-Peyser services. Only the primary programs that interface with veterans at AJCs are represented in Figure 3, and they include the Jobs for Veterans State Grants, WIOA Adult and Displaced Worker programs, and Wagner-Peyser Employment Services.

## Figure 3





The federal government operates the preponderance of programs that help service members and veterans develop and communicate job skills and secure employment. In addition, the federal government pays state, local, and private entities to provide employment services to veterans through grant funding. Except for referrals that occur as part of AJC services (e.g., to the Department of Veterans Affairs for training or education benefits, to Housing and Urban Development for support of homeless veterans, to Small Business Administration for veteran-owned small business support), most federal job skills and employment programs operate independently of the AJC system. Federal and state support of employment and training assistance for veterans meet at the state-operated AJCs when veterans interface with DVOPs, LVERs, WIOA Adult and Displaced Worker programs, and Wagner-Peyser Employment Services. Figure 4 presents the services offered to veterans at AJCs based on the individual veteran's experience.

## Services Offered to Veterans\* by AJCs

#### **Employment Services**

Career Services Employer Services Job Search/Placement Job/Skills Training Resume Assistance Supportive Services

#### Veteran Experience

Displaced Worker Experiencing Homelessness Low-Income Recently Discharged\*\* Service-Connected Disability Unemployed Other Barriers to Employment

#### **DVOP Services**

Career Coaching Develop Employment Plans Job Search & Placement Perform Assessments Support Services Referrals\*\*\* Veteran Experience Recently Discharged\*\* Service-Connected Disability

#### WIOA Title I Program Services\*\*\*\*

Career Counseling Case management Educational supports Job search assistance Occupational skills training Work Experience

Priority is given to veterans and eligible spouses for receiving services
 Released from active duty within the last 3 years
 Includes housing, transportation, and mental health resources
 Adult, Dislocated Worker, and Youth Programs

## Pennsylvania WIOA Combined State Plan

The 2020-2024 PA WIOA Combined State Plan explains how the state will align programs across the six core areas that support residents who are looking for work and employers who are looking for workers. In addition to the core areas, PA's plan includes program-specific planning elements for the following optional programs:

- Career and Technical Education Programs
- Temporary Assistance for Needy Families
- Trade Adjustment Assistance for Workers Programs
- Jobs for Veterans State Grant
- Senior Community Service Employment Program
- Reintegration of Ex-Offenders Program
- Community Services Block Grant
- Unemployment Insurance

The plan lists six broad workforce development system goals that can be used to meet the needs of employers by preparing a skilled and educated workforce. The plan's goals are as follows:

- Apprenticeship and Career & Technical Education: Expand opportunities for individuals to enter into Registered Apprenticeship and Registered Pre-Apprenticeship programs, assist employers in building Registered Pre-Apprenticeship and Registered Apprenticeship programs, and increase the coordination with Career and Technical Education in these efforts.
- 2. Sector Strategies and Employer Engagement: Engage employers and industry clusters through innovative strategies to improve the connection and responsiveness of workforce programs and services to labor market demand, including recruiting, training, and retaining talent.
- 3. **Youth**: Increase opportunities for all youth to experience work-based learning through summer employment, pre-apprenticeship, Registered Apprenticeship, internships, job shadowing, mentoring, and other experiences in the workplace including developing employability skills.
- 4. **Continuous Improvement of the PA CareerLink System**: Identify and enact system changes and improvements that enhance the collaboration and partnership between agencies and partners in the workforce development system.
- 5. **Barrier Remediation**: Develop strategies to ensure the workforce development system is equipped to support individuals, who experience barriers to employment, in finding and maintaining self- and family-sustaining employment.
- 6. Address Workforce Shortages in Critical Industries: Prioritize investments in industries that are critical to the economic prosperity of PA.

The plan describes the tight labor market, aging population, and the impact of technology on many industries as major challenges that PA must overcome to meet the workforce demands of existing and emerging industries. Planning is based on sector-driven workforce initiatives that identify clusters of industries linked by common products, common labor pools, comparable technology, or shared supply chains. Workforce strategies focus on 12 industry clusters that employ approximately 83% of workers in PA. The industry clusters are Advanced Manufacturing; Agriculture and Food Production; Bio-Medical; Building and Construction; Business Services; Education; Energy; Health Care; Hospitality, Leisure and Entertainment; Logistics and Transportation; Real Estate, Finance and Insurance; and Wood, Wood Products, and Publishing.

Industry Partnerships are formed by joining businesses within industry clusters to enable PA to support networks of companies with worker training, recruitment, and retention initiatives.

PA has an industry-driven approach to workforce development. That is, public investment often targets workforce development strategies that intend to fill the most in-demand jobs across the state. Planning incorporates identifying which occupations are important to local employers and markets. LWDBs analyze how in-demand skills are associated with regional in-demand occupations to understand local workforce needs. Occupations that are needed by local employers, pay a livable wage, and have specific skill requirements are identified by LWDBs as High Priority Occupations (HPOs). HPOs are identified for each workforce development area and are subject to change depending on emerging economic development investments and new labor market trends. Employers can petition LWDBs to have certain jobs added to the HPO list as can local workforce boards and educational institutions.<sup>122</sup> HPOs also vary by geographic area as some PA industries are region-specific. HPO lists are published annually for each Workforce Development Area (WDA) and drive workforce training and educational funding. The 2024-2025 HPO lists can be found here. Occupations that include a large number of job openings or have an above-average growth rate and do not have an oversupply of existing workers are classified as In-Demand Occupations by the PA Center for Workforce Information & Analysis. The purpose of the In-Demand Occupation List (IDOL) is to help job seekers identify occupations in the greatest demand across PA. In 2024, PA Center for Workforce Information & Analysis published a list of more than 800 jobs. The HPO and IDOL contain similar data, and both lists exclude occupations that do not pay a self-sustaining wage. However, there are some notable differences. First, data are aggregated at the state level for the IDOL and at the WDA level for HPO. Second, the IDOL is meant to be used as a resource for job seekers, and HPO determinations are used by workforce development officials to target education and training investments. Lastly, HPOs are linked to government funding through the appropriation of WIOA training dollars to support skills training for listed occupations.

WIOA requires states to address the needs of targeted populations (e.g., individuals who have barriers to employment, dislocated workers, youth and young adults, individuals who lack basic education, individuals who have disabilities, veterans, seniors with low income, individuals leaving incarceration). The PA Combined Plan coordinates WIOA and optional partner program-service delivery to customers, including targeted populations, through PA CareerLink. CareerLink staff are organized functionally (e.g., customer intake and assessment, training programs for customers, services for businesses), which allows staff to be knowledgeable of program eligibility and offered services, so each customer's needs, whether a member of a targeted population or not, can be met with the most appropriate resources.

PA CareerLink is the network of physical and virtual employment-support offices funded by WIOA AJC/One-Stop Delivery allocations. Job seekers, employers, and training providers are the primary groups served by CareerLink. For individuals, CareerLink staff offer help with implementing job searches, learning how to write a resume, finding job-training programs, and making connections to employers. Employers can use CareerLink to connect with job seekers, register for apprenticeships, comply with unemployment compensation regulations, join industry partnerships, and access tax credits for hiring members of targeted populations. Training providers can learn about and apply to be included in the ETP List and be approved to conduct WIOA-funded career-focused education and training. CareerLink service offerings, program types, training providers, and administrative decisions are made by LWDBs.

Veterans are included in the PA Combined State Plan as a targeted population. This designation was determined as veterans may face barriers to employment and are an under-represented population in training, education, and apprentice programs and under JVSG.

DVOPs and LVERs are state employees assigned to PA CareerLink centers. These positions are funded through the DOL-administered JVSG program and are designed to provide targeted employment services to veterans and eligible spouses of veterans and intend to work with employers to facilitate hiring veterans. DVOPs perform assessments, provide career-coaching services, develop employment plans, and coordinate referrals to supportive services for veterans who have barriers to employment. LVERs conduct outreach to employers, training programs, and unions to develop job and training opportunities, promote employment services and the benefits of hiring veterans at jobs fairs and veteran's organizations, and advocate for veterans within the workforce development system. DVOPs work with LVERs to match veterans with appropriate job opportunities and to ensure employers are aware of the unique skills and qualifications that veterans who want to utilize DVOP services. As of September 2024, there were 33 DVOPs and 26 LVERs across PA. These positions are considered civil service, and salaries range from \$54,226 - \$82,475.<sup>123</sup> <sup>124</sup> DLI reported 2,250 veterans who had significant barriers to employment received intensive services from DVOPs in FY 2023.<sup>125</sup>

Local and regional area 4-year plans are required to be developed based on standardized guidelines to ensure integration and compliance with state-wide strategies and goals. These plans describe how local boards will operationalize the Combined State Plan's strategic goals and provide details on local and regional approaches to workforce development and performance measures. Local and regional plans must be submitted and approved by DLI.

#### The Pennsylvania Workforce Development System

The PA workforce development system is comprised of local, state, and federal government agencies that work with employers and other entities to meet the needs of employers and employees. Stakeholders in PA's workforce development system include a state-level Workforce Development Board (PA WDB), 22 LWDBs located throughout 23 Local Workforce Development Areas (LWDA), 9 core state agencies, service and training providers, and other stakeholders such as employers in the region. Note, the city of Pittsburgh and Allegheny County are considered separate LWDAs but share a WDB. In addition, LWDAs are designated by governors based on the labor market and availability of educational institutions.<sup>126</sup> Figure 5 provides a geographical depiction of PA LWDAs by county.



**Figure 5** Local Workforce Development Areas<sup>127</sup>

Leaders in the business, education, and labor communities; local elected officials; state agency cabinet secretaries; and members of the PA General Assembly sit on the PA WDB. The PA WDB coordinates the WIOA Combined State Plan, advises the governor on how the workforce development system can contribute to meeting the state's economic and educational goals, provides policy guidance, and evaluates program performance. The board works through 11 committees that are aligned with the six WIOA goals outlined in the WIOA Combined State Plan. The committees are Agriculture. Apprenticeship and Career & Technical Education. Barrier Remediation, Construction Workforce, Continuous Improvement of the PA CareerLink System, Education Workforce Shortage, Healthcare Workforce, Industry Partnerships and Employer Engagement, Manufacturing, Reentry, and Youth. State agency secretaries from the Department of Human Services (DHS), Department of Labor and Industry (DLI), Department of Aging (PDA), PA Department of Education (PDE), Department of Agriculture (PDAg), Department of Community and Economic Development (DCED), Department of Military and Veterans Affairs (DMVA), Department of State, and Department of Corrections (DOC) participate in an interagency work group that discusses progress toward goals, ongoing initiatives, and promising developments.

The 22 LWDBs received \$112.1 million dollars of federal grant funds (PY 2023) for WIOA Title 1directed programs and to oversee the operation of AJCs. In PA, the AJC system is called PA CareerLink. PA operates 65 CareerLink offices throughout the 23 LWDAs. Each LWDA has at least one CareerLink Office; the North Central and South Central WDAs have 7 CareerLink offices.

Figure 6 demonstrates how LWDBs are organized and is compiled from several local board's annual reports and planning documents.

## Figure 6 Local Workforce Development System Organization



#### WIOA Local Workforce Development System Organization

Table 9 lists each LWDA by its population, unemployment rate, number of CareerLink offices, LWDA county span, and the percent of counties within each LWDA that are urban. Counties are considered urban when the population per square mile within the county is more than 291 people per square mile.<sup>128</sup>

### Table 9

Local Workforce Development Areas by Population and Unemployment Characteristics			
	Local Workforce Dev	elopment Areas by Population and Unemployment Characteristi	cs

LWDA	Population	Unemployment Rate	CareerLink Offices (n)	Counties Served	Percent Urban
Berks	428,483	3.5%	1	1	100% Urban
Bucks	645,163	3.0%	1	1	100% Urban
Central	613,827	3.3%	6	9	0% Urban
Chester	536,474	2.6%	1	1	100% Urban
Delaware	575,312	3.2%	2	1	100% Urban
Lackawanna	215,672	3.6%	1	1	100% Urban
Lancaster	553,202	2.6%	1	1	100% Urban
Lehigh Valley	688,409	3.5%	1	2	100% Urban
Luzerne Schuylkill	468,597	4.2%	3	2	50% Urban
Montgomery	856,399	2.8%	1	1	100% Urban
North Central	216,304	3.9%	7	6	0% Urban
Northern Tier	171,984	3.3%	4	5	0% Urban
Northwest	487,786	3.6%	2	6	16% Urban
Philadelphia	1,593,208	4.3%	4	1	100% Urban
Pocono	343,369	4.0%	4	4	25% Urban
South Central	1,477,850	3.0%	7	8	50% Urban
Southern Alleghenies	435,986	3.8%	5	6	0% Urban
Southwest Corner	413,041	3.5%	4	3	33% Urban
Three Rivers	1,245,310	3.2%	2	1	100% Urban
Tri-county	343,494	3.5%	3	3	0% Urban
West Central	196,507	4.0%	2	2	50% Urban
Westmoreland/Fay ette	482,831	3.7%	3	2	50% Urban

Note. Three Rivers LWDA includes the city of Pittsburgh and its surrounding county (Allegheny County). The information from this table came from the <u>WDA Profiles</u> maintained by the Center for Workforce Information & Analysis and was last updated in July 2024.

Rural WDAs tend to span more counties and have more CareerLink offices compared to urban WDAs. In addition, rural areas tend to have higher unemployment rates compared to urban areas. The average unemployment rate of WDAs that are mostly urban is 3.2%, and the average unemployment rate across WDAs that are mostly rural is 3.6%. WDAs that are 50% urban and 50% rural have the highest unemployment rate at 3.7%; however, this rate is only slightly higher than the rural county average. These unemployment averages appear to indicate a greater need for career services in areas that are more than 50% rural. Note, rural areas represent 26% of PA's population. Therefore, raw numbers should be considered when assessing WDA resource needs.<sup>129</sup> For instance, the unemployment rate in the Montgomery WDA (2.8%) is 1.2 percentage points lower than the unemployment rate in the Pocono WDA (4%). Yet, there are twice as many people in the Montgomery WDA (13,200) who are unemployed than there are in the Pocono WDA

(6,600). Regardless, there are four CareerLink offices in Pocono WDA and one in Montgomery WDA.

LWDBs are responsible for selecting and overseeing CareerLink operators for those within their WDA. However, WIOA provides guidance on the procurement process that must be adhered to in order to receive federal funding. The purpose of these guidelines is to ensure the procurement process is fair and competitive, and operators remain accountable to the LWDAs they serve. According to WIOA, "the operator's singular required role is the service delivery coordination of One-Stop partners and service providers".<sup>130</sup>

Each LWDB has Chief Elected Officials (CEOs) who are financially liable for workforce funds allocated to the LWDA and are, therefore, responsible for approving the LWDB budget. The CEOs are also responsible for appointing LWDB members and serve as the local grant recipient in each WDA. CEOs are often county commissioners or the mayor of major cities. Per WIOA guidance, a majority of board membership should come from private businesses. Other members should come from labor unions and educational institutions. All board member appointments are unpaid.

## Funding

Based on PA's 2020-2024 WIOA Combined State Plan, the state provides between 60 to 85% of its annual WIOA allocations to its 23 LWDAs.<sup>132</sup> For PY 2023, \$112,107,852 in funding was distributed to LWDAs using the allocation methodology outlined in the Combined State Plan. WIOA requires that 85% of its Title I Adult Employment and Training Activities and Youth Employment and Training Activities allocations in each state are distributed to statutorily determined workforce development areas. According to the DLI Legislative Budget Book, 2024-2025, the state awarded LWDAs \$33,895,759 for Title I Adult Employment and Training Activities and \$36,475,843 for Title I Youth Employment and Training Activities. <sup>133</sup> Moreover, WIOA further requires states to award between 60 to 85% of its Title I Dislocated Worker Employment and Training Activities allotment to their LWDAs. In PY 2023, PA awarded 75% of their overall Dislocated Worker WIOA allocation to these subrecipients, and this was \$41,736,251 in local funding for Title I Dislocated Worker Employment and Training Activities. WIOA also allows the DLI to reserve 5% of the state's total allocation for administrative costs. In PY 2023, PA reserved 5% of the state's total allocation for administrative costs, which totaled \$6,921,923. In addition, the governor may set aside up to 10% of the state's total allocation for statewide activities, and up to 25% of the Dislocated Worker allocation for rapid response activities. In PY 2023, PA set aside 10% of its overall allocation for statewide activities, which totaled \$13,843,845 in funding, and the state reserved 10% of its Dislocated Worker allotment for rapid response activities, which totaled \$5,564,834 in funding. During PY 2022, the governor funded Agribusiness Workforce Services Engagement, Digital Literacy grants, Business Education Partnerships, Youth reentry grant, and Near Completer grants under the statewide activities category.

The annual budget for the PA workforce development system is largely derived from federal funding and includes a mixture of statutory formula grant programs and competitive grant programs. The DLI reports that, in PY 2023, roughly 89% of all funding for workforce development activities in PA came from the federal government, and WIOA Title I allotments comprised 52.5% of overall funding in the state.<sup>134</sup> Additional federal funding for workforce development activities was provided through Reemployment Services and Eligibility Assessment Grants, the Wagner-Peyser Act Employment Service Program, and TANF program.<sup>135</sup> Table 10 presents expenditures for state workforce development programs in PY 2022 and the number of participants served.<sup>136</sup>

#### Table 10

Federal and State Workforce Development Expenditures and Participants Served in Pennsylvania, Program Year 2022

			Total	Total
Line Item	Program	Expenditures	Veterans Served <sup>137</sup>	Participants Served
Federal				
WIOA Title I	Adult	\$30.1 million	397	9,880
WIOA Title I	Youth	\$32.7 million	17	4,652
WIOA Title I	Dislocated Worker	\$32.4 million	183	3,026
WIOA Title I	Rapid Response	\$4.3 million	*	*
WIOA Title II	Adult Basic Education	\$18.97 million	*	*
WIOA Title III	Wagner-Peyser	\$21.3 million	2,316	51,927
WIOA Title IV	Vocational Rehabilitation	\$144.9 million	651	33,093 <sup>138</sup>
WIOA Statewide Activities	Business Education Partnerships	\$3.2 million		
	Youth Reentry	\$4.5 million		*
	Digital Literacy	\$700,000	*	*
	Other	\$3.3 million		
WIOA Administration		\$5.9 million		
	Subtotal Federal	\$302.27 million		
State	Ì			
Adult and Family Literacy	Adult Basic Education	\$11.67 million	*	~11,300** <sup>139</sup>
New Choices/New Options	PA Women Work	\$1.0 million	*	~1,300 140
Re-employment Fund	Center for Workforce Information and Analysis	\$302,000		
	Schools-to-Work	\$2.1 million		
	Grant Evaluation	\$2.1 million		
	Commonwealth Workforce Development System	\$1.6 million		
	Department of Conservation and Natural Resources (DCNR) Conservation Corps**	\$1.6 million	*	140 <sup>141</sup>
	Industry Partnerships	\$1.4 million		
	Labor and Industry Administration	\$1.0 million		
	SkillUp PA	\$963,000	*	~52,000**** 142
	Veterans	\$538,000	142	N/A
	Subtotal State	\$24.27 million		
		\$326.54 million		

Notes. \*Indicates unknown for the number of veterans or participants served. Gray boxes do not apply to participants broadly (e.g., administration).

\*\* Adult Basic Education has 6 levels, but the performance data only counted participants in levels 1-5 with no explanation provided. Information was derived from "Adult Education Educational Functioning Level Gain 2021-2022 Column C."

\*\*\*Per the 2023 PA Workforce Development Board Annual Report, the DCNR Conservation Corps is also known as the Outdoor Corps

\*\*\*\*52,000 people have registered for a SkillUP PA account and, as of October 2023, 33,326 courses have been completed on the platform. These numbers reflect participation since SkillUP PA was launched in PY 2021.

### **Examining Local Workforce Development Areas**

A detailed description of four LWDAs is presented below to provide a more in-depth examination of the differences in strategies and funding across each LWDA. The examined LWDAs were selected based on their dispersed geographic locations across PA, the inclusion of urban and rural settings, and the incorporation of PA's two largest cities. The Delaware County WBD was of particular interest because this county receives set-aside grant funding for the state's Veterans Employment Program (VEP) grant, and the WDB recently commissioned a report on veterans' employment needs. Budgetary information includes the amount of money that was distributed to each LWDA out of the \$112,107,852 allotted to the state's LWDAs in PY 2023.

**Three Rivers LWDA.** The Three Rivers LWDA is unique in that it combines two WDAs and they share one WDB. This is because there is one area designated for the city of Pittsburgh and one area designated for the rest of Allegheny County. The combined Allegheny County LWDA and city of Pittsburgh LWDA are called the Three Rivers LWDA. The Three Rivers LWDA has a total population of 1,245,310 residents, and, of that, an estimated 642,500 are in the labor force. Roughly 21,400 labor force participants in the Three Rivers LWDA are unemployed. The unemployment rate is slightly lower than the state average and hovers around 3.3%.<sup>143</sup>

Partner4Work, the nonprofit operating entity for the Three Rivers WDB, received approximately \$11.3 million (\$11,384,421) in funding for WIOA Adult (\$4,257,921), Youth (\$4,071,361), and Dislocated Worker (\$3,055,139) activities in PY 2023. In the first three-quarters of PY 2023, Partner4Work supported 4,216 service requests from 1,814 individuals across the three WIOA Title I programs.<sup>144</sup>

The top three employers in the Three Rivers LWDA include the University of Pittsburgh Medical Center, the University of Pittsburgh, and the federal government. Other top employers include Pittsburgh National Corporation (PNC) Bank and various healthcare entities and educational institutions.<sup>145</sup>

Accomplishments for the Three Rivers WDB include the launching of three new industry partnerships: (1) construction, (2) green infrastructure, and (3) healthcare. In addition, they have also implemented career-exploration programs for youth. Challenges include the need for Commonwealth Workforce Development System (CWDS) training resources and the need for expanded funding to strengthen industry partnerships and increase registered apprenticeships. The Allegheny WDB also recommended that the Commonwealth integrate state data systems to allow for streamlined processes.<sup>146</sup>

**Philadelphia County LWDA.** Due to Philadelphia County's large population of 1,550,542 residents, it is its own LWDA. There are four CareerLink offices within the Philadelphia County LWDA. The unemployment rate in the county is 4.5%, which is about 1 percentage point higher than the rest of the state. There are an estimated 759,700 labor force participants in this LWDA, and approximately 34,100 individuals are unemployed.<sup>147</sup>

Philadelphia Works, Inc., the nonprofit operating entity for the Philadelphia County WDB, received nearly \$20 million in funding for WIOA Adult (\$7,256,134), Youth (\$7,596,464), and Dislocated Worker activities (\$5,078,795) in PY 2023. In the first two quarters of PY 2023, Philadelphia Works, Inc., supported 15,277 service requests from 2,587 individuals across the three WIOA Title I programs.<sup>148</sup>

Top employers in Philadelphia County's LWDA include the Trustees of the University of Pennsylvania, the federal government, the city of Philadelphia, and the Philadelphia school district.<sup>149</sup>

Recent accomplishments of the Philadelphia County WDB include outputs of providing CareerLink services to recently incarcerated individuals in addition to implementing a city-wide, youth work-based opportunities program. Reported challenges include the low literacy rate of individuals with low income, difficulty in creating apprenticeship opportunities, and the need to streamline the ETP List process to help attract diverse providers across the region. <sup>150</sup>

**Central LWDA.** The Central LWDA comprises a 9-county region (i.e., Centre, Clinton, Columbia, Lycoming, Mifflin, Montour, Northumberland, Snyder, and Union counties) that operates 6 CareerLink offices. The total population in this area is 613,827, and the unemployment rate is consistent with the state average of 3.4%. Of the estimated 306,200 labor force participants in the Central LWDA, an estimated 10,500 individuals are unemployed.

Advance Central PA, the operating entity for the Central WDB, received approximately \$4.7 million (\$4,679,453) in funding for WIOA Adult (\$1,373,905), Youth (\$1,841,332), and Dislocated Worker (\$1,464,216) activities in PY 2023. <sup>151</sup>

The top employer for the Central LWDA is reported as Pennsylvania State University, followed by state government and Geisinger Medical Center. Other top employers are various other medical centers, the federal government, and Walmart. <sup>152</sup>

According to the Central WDB, they reported outreach efforts geared toward individuals with low income and high school students. Reported challenges include high staff turnover at CareerLink offices, not enough people to fill the job vacancies in the area, and a lack of affordable and available child care options for parents in the workforce.<sup>153</sup>

**Delaware County LWDA**. Given the large population of 575,312 of Delaware County, its WDA spans only one county. Of Delaware County's residents, an estimated 305,500 are labor force participants, and approximately 10,100 individuals are unemployed. As such, the unemployment rate for the Delaware County LWDA is 3.3%, which is slightly lower than the state average of 3.4%.<sup>154</sup> There are two CareerLink Offices that serve as the One-Stop delivery system in the Delaware County LWDA.

The Delaware County WDB reported a small increase in funding for WIOA Title I Activities in PY 2024, and funding totaled \$4,372,498 across the three categories: Adult (\$1,431,020), Youth (\$1,610,414), and Dislocated Workers (\$1,331,064). <sup>155</sup> The Delaware County WDB reported receiving \$4,365,589 in funding for WIOA Title I Activities in PY 2023. <sup>156</sup> However, funding information across categories for PY 2023 was not available.

The top three employers for the Delaware County LWDA are Boeing, United Postal Service, and Villanova University. Other top employers include Wawa, the federal government, and the local school district.<sup>157</sup>

The Delaware County WDB chose to highlight their efforts related to employer engagement, services to veterans and outreach to youth. However, they also reported challenges related to the readiness of veterans for employment and requested guidance on how to collect and report employer-engagement efforts through the CWDS.<sup>158</sup>

Figure 7 summarizes the above four LWDAs by funding allotments for Adult, Youth, and Dislocated workers.



WIOA Funding to WDAs for Adult, Youth, and Dislocated Worker Programs

Figure 7

Overall, WIOA Youth activities received the most funding, and these were closely followed by Adult activities. Philadelphia and Three Rivers WDAs received substantially more funding across all three categories because they have over twice as many residents within their WDAs than the Central or Delaware WDAs.

#### Workforce Development Programs Managed by Commonwealth Agencies

The PA Department of Labor and Industry (DLI) oversees the majority of programs, services, and funding for workforce development within the state. However, the PDE, DHS, DCED, PDA, PDAg, DOC, DMVA, and the PA Higher Education Assistance Agency (PHEAA) also offer workforce development programs. Workforce development programs purpose is to provide employment or education assistance and are operated by state agencies that are described in the following section. Programs restricted to only veterans are described under the department managing the program. The information in this section was gained from website reviews, government publications, and budget documents.

Note. The number served at the local level could not be determined.

#### Department of Labor and Industry

**Office of Vocational Rehabilitation.** The Office of Vocational Rehabilitation (OVR) assists people with disabilities prepare for, gain, and maintain employment. The DLI operates a network of 21 OVR district offices; training programs; and the Hiram G. Andrews Center (HGAC), a residential employment rehabilitation center that serves residents in all 67 PA counties. Diagnostic services, educational evaluation, counseling, training, restoration and support services, placement assistance, and assistive technology are among the individualized services offered by PA employees and approved vendors.

According to the 2022 DLI Performance Based Budget, the FY 2021-2022 Vocational Rehabilitation budget was \$244.1 million, and \$47.9 million was sourced from the state's General Fund and the remainder from the federal government. During that time frame, 20,600 individuals received services, and 5,374 were placed into employment. The Vocational Rehabilitation employment rate, excluding HGAC clients, was 52%; the average hourly wage was \$14.63; and services cost \$9,105 per individual employed. To compare, the 2020 national employment rate for individuals with disabilities was 17.9% according to the BLS.<sup>159</sup>

OVR served 14 service-related disabled veterans and 918 veterans who were disabled after service during FY 2023. These recipients made up 1.84% and 0.03%, respectively, of the total number of individuals served by OVR that year.

**Apprenticeship and Training Office.** The Apprenticeship and Training Office (ATO) administers the development and registration of Registered Apprenticeship and Pre-Apprenticeship programs. The office provides technical assistance to proposed and existing programs, facilitates the expansion of apprenticeships, shares best practices, ensures regulatory compliance, and manages apprenticeship-funding opportunities.

State funding for apprenticeship programs has steadily risen from \$7 million in FY 2021-2022 to \$12.5 million in FY 2024-2025. Additional funding was gained in 2022 from a \$3.9 million Apprenticeship Building America grant from DOL. In 2023, over 21,980 active apprentices were enrolled in 1,557 programs, and 69% of apprentices are working in the building trade sector. While apprenticeship has traditionally been a path to well-paying jobs in construction and skilled trades, opportunities are expanding into other industries. The average wage for the 20 apprenticed occupations with the greatest number of participants was \$26.96/hour. The cost per apprentice is not available.

During 2023, veterans made up 8% of enrolled apprentices. The ATO considers veterans to be an underrepresented population and has created marketing material directed to encourage their enrollment in apprenticeships. GI Bill benefits can be used in conjunction with apprenticeship programs. Veterans can receive the GI Bill monthly housing allowance and a \$1,000 yearly books and supplies allowance while they receive apprenticeship wages.

**SkillUp PA.** SkillUp PA is an online learning portal available to all residents that provides career pathways guidance, free skills training, and links to search for job openings. It is accessible from the PA CareerLink website and is funded by a \$3 million federal displaced worker grant. The program is designed to help residents strengthen job skills and increase their marketability to employers. Career preparatory courses that lead to badges, credentials, or certifications are offered in subjects such as human resources, project management, cybersecurity, information technology, Microsoft Office specialist, and QuickBooks. Courses in soft skills, such as communication and business etiquette, are also offered to participants.

**Grant Funded Programs.** The Commonwealth distributes workforce development funds through grant programs managed by the DLI. The following grants were available between September 2023 and July 2024. Three of the listed grants were funded through PAsmart, an initiative that funds training programs and advertises education, training, and career assistance resources. VEP grant is the only DLI program solely focused on helping veterans gain employment.<sup>160</sup>

**Veteran Employment Program Grant.** DLI annually funds the VEP grant with PA Industry Partnership Heroes Path and other reemployment subsidies. Annual grant goals vary, but, during PYs 2021 and 2022, funds were available to organizations that provided services that address veteran-employment barriers. Veterans were eligible for grant-funded programs if they had served in the U.S. military and were released under other than dishonorable conditions. Spouses of veterans were eligible if they had a military spouse identification card. LWDBs, nonprofit entities, community-based organizations, educational and post-secondary providers, labor or business organizations, and economic development groups were eligible to apply for funding. Up to four grants were available each year, and one of the grants was reserved for the top applicant who proposed services in Delaware County. The Fiscal Code specifically directs funding of a workforce development program for veterans in Delaware County. The other three grants were awarded based on competitive scoring and fund availability. Each grant award was limited to a maximum of \$200,000.

Clearinghouse researchers examined the VEP grant to gain an in-depth understanding of programs funded by the grant and the impact of these programs have on veterans in the Commonwealth. Grant data from eight programs that operated during PY 2021 and PY 2022 were examined. The findings were as follows:

- 1. In PY 2021, \$785,364 was spent to help 29 veterans gain employment for an average cost of \$27,081 per veteran hired.
- 2. In PY 2022, \$737,671 was spent to help 48 veterans gain employment for an average cost of \$15,368 per veteran hired.
- 3. Only some veterans gained employment through VEP-funded programs even though significant expenditures were made to for-profit companies, nonprofit organizations, a community college, and a LWDB.
- 4. The cost per employed veteran is extremely high, with a yearly average of \$19,779 spent on each employed veteran.

The Clearinghouse VEP grant report can be found <u>here</u>.

Table 11 presents the grants DLI funded between September 2023 and July 2024, each grant's goals and the awarded amount.

#### Table 11

Department of Labor and Industry Grants Available Between September 2023 and July 2024

Grant Title	Award Amount	Grant Goals
PAsmart Pathway Innovations to Registered Apprenticeships Grant Program	\$5 million	Expand existing and create new pre- apprenticeship programs aimed at underserved populations
Digital Literacy and Workforce Development Grant, Round 5	\$5 million	Increase the digital-literacy skills necessary to gain and maintain employment
Industry Partnership Grant	Up to \$4 million	Increase regional collaboration to support workforce development initiatives and grow industry partnerships

Grant Title	Award Amount	Grant Goals
Schools-to-Work Program Grant, Round 4	\$3.5 million	Establish or enhance workforce development partnerships between schools, employers, and organizations to create employment and training opportunities
PAsmart Career & Technical Education Pre-Apprenticeships Grant Program	\$3 million	Expand existing and create new pre- apprenticeship programs
Direct Care Worker Job Quality Grant	\$2.8 million	Create better places to work and metrics to evaluate job quality???
Veteran Employment Program Grant	\$800,000	Assist veterans, National Guard/Reserve members, and spouses in obtaining employment
PAsmart Supporting Organic Agriculture through Registered Apprenticeships and Pre-Apprenticeships	\$700,000	Develop new registered apprenticeships in organic agriculture
Building and Supporting a Certified Teacher Apprenticeship Program Grant	Up to \$400,000	Build and support a certified teacher- registered apprenticeship program
Total	Up to \$25 million	

### Department of Education

In addition to kindergarten through 12<sup>th</sup> grade education, the Department of Education (PDE) is responsible for post-secondary and adult education in the Commonwealth. PA is home to nearly 250 post-secondary and institutions of higher education that enroll more than 661,000 students. Career and Technical Education Centers (CTCs), community colleges, universities, and colleges fall under the PDE purview. The state supports public education through institutional funding and direct student aid provided by PHEAA.

**Career and Technical Education Centers.** More than 80 CTCs provide vocational training to high school students and adult learners throughout PA. CTCs offer courses that can lead to certification, licensing, apprenticeship, or an associate's degree in a wide range of industries such as construction, transportation, manufacturing, human services, healthcare, and environmental. Program offerings vary at each CTC. However, educational pathways in automotive repair, heating, ventilation and air conditioning, information technology, welding, food and beverage management, medical science, emergency services, skilled trades, and advanced manufacturing are available at many of the centers.

In FY 2020-2021, the state funded CTCs with \$160 million dollars, and the federal government provided \$50.7 million dollars through Perkins Grant appropriations. During the 2019-2020 school year, 68,100 students and 73,100 post-secondary adult learners participated in career and technical education programs at CTCs and community colleges. Financial aid, including grants and student loans, is available to students enrolled at accredited CTCs. PDE lists five accredited CTCs on their website.

**Community Colleges.** A network of 14 publicly funded community colleges support 116,500 learners with 2-year associate degree and certificate programs. Community college educational pathways prepare students to directly enter the workforce (e.g., bookkeeping, cyber security, medical assistant, substance abuse and addiction technician) or can cost efficiently deliver general education courses required by 4-year college degree programs. Transfer degree programs (e.g., business administration, computer science, early childhood education, psychology, social work) are structured to facilitate credit transfer from community colleges to 4-

year degree-granting institutions. Community colleges received \$54.1 million dollars in state funding during FY 2022-2023.

**Colleges and Universities**. PA is home to 14 public 4-year universities, 4 state-related universities, 102 private colleges and universities, and 13 theological seminaries. In fall 2021, more than 661,000 students were enrolled at these institutions.

**Veterans Educational Benefits.** Student veterans attending state system and staterelated universities and community colleges pay in-state or local sponsor tuition rates, receive priority course scheduling, and automatically receive the highest grant award amount from the PA State Grant Program.

#### Department of Human Services

The Department of Human Services (DHS) operates employment and training programs that are available to beneficiaries of the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) program.

**Supplemental Nutrition Assistance Program**. SNAP is a federally funded program operated by the U.S. Department of Agriculture, previously known as food stamps, that helps families with low income purchase food. Time restrictions on receiving benefits may be instituted if a recipient is not working or not enrolled in an approved education or training program. Recipients are eligible, but not required, to participate in employment-related programs.

The following education and training activities are offered to PA SNAP recipients: SNAP 50/50, Keystone Education Yields Success (KEYS), SNAP Employment, Advancement & Retention Network (SNAP EARN), and Job Assistance Activities. These activities are designed to support SNAP recipients in returning to school or finding employment.

- **SNAP 50/50** provides skills training, hands-on learning, work experience, and job placement in career paths such as hospitality, banking, healthcare, and skilled trades.
- **KEYS** provides career exploration, financial aid, and peer-group support to recipients attending or interested in attending community college.
- **SNAP EARN** supports recipients pursuing self-initiated education, training, or job-search activities.
- **Job Assistance Activities** are recipient-initiated job search, education, or training activities that fulfill SNAP work, education, or training requirements.

**Temporary Assistance for Needy Families.** TANF is a federally funded program that is implemented by each state and provides financial assistance to residents with low income. It requires most recipients, who are not in school or in the workforce, to participate in an approved education or training activity. PA's approach to assistance is to offer services to educate, train, and assist TANF recipients, so they can find long-term employment and become financially independent. TANF provides money to pregnant women and dependent children and their parents or other caregivers. To be eligible for TANF in PA, a person must be a U.S. citizen or qualified alien, must be unemployed or underemployed, and must have a very low income. PA TANF recipients can receive assistance for 5 years (60 months) over a person's lifetime.

The following education and training activities are offered to PA TANF recipients. EARN, Work Ready, KEYS, and Education Leading to Employment and Career Training Program (ELECT). These programs are designed to address an individual's employment challenges while preparing them to pursue additional education or enter the workforce.

- **EARN** is offered in each county to recipients with a high school diploma or GED and a work history. The program provides job-search assistance, apprenticeship, certificate and trade opportunities, and personal finance education.
- Work Ready is offered in select counties to recipients who want to obtain a high school diploma or GED. The program prepares individuals to obtain a GED and provides personal finance, parenting, and nutrition education.
- KEYS is offered in select counties to recipients who are attending or are interested in attending community college. The program provides career exploration, financial aid, and peer-group support.
- **ELECT** is offered in select counties to recipients who are 22 years old or younger who want to obtain a high school diploma or equivalent. The program prepares individuals to obtain a high school diploma or equivalent and provides intensive case management, job readiness, personal finance, parenting, and nutrition education.

### **Department of Community and Economic Development**

The Department of Community and Economic Development (DCED) assists PA businesses by funding three workforce training grant programs. Workforce and Economic Development Network of Pennsylvania (WEDnetPA) funds business-determined training for new and existing employees. Companies, employees, and the proposed training must meet eligibility requirements. Once approved, the grant will pay up to \$2,000 per employee, not to exceed \$100,000 per business each year, for training that improves business and employee performance (e.g., product and process control, workplace health and safety, software implementation, health and science applications, manufacturing fundamentals). The Foundations in Industry Training (FIT) grant program will pay registered apprenticeship programs \$3,000 per apprentice per year, up to 3 years, with the goal of increasing the number of available apprenticeships. The Manufacturing in PA Training-to-Career grant is available to school districts, post-secondary education providers, and nonprofit organizations (e.g., WDBs, economic development organizations, manufacturing capacity.

Table	12
	Grante

Grant Title	Award Amount	Outputs	Grant Goals
Workforce and Economic Development Network of Pennsylvania (WEDnetPA)	<ul> <li>\$10,079,282 (2022-2023)</li> <li>\$2,000/employee</li> <li>Not to exceed \$100,000/company</li> </ul>	23,842 employees trained in FY2022-2023 <sup>161</sup>	Build employee skills that lead to increased business performance and employee advancement
Foundations in Industry Training (FIT)	• \$3,000/apprentice/year	Unknown	Increase the number of apprenticeships
Manufacturing in PA Training-to-Career	Up to \$200,000 per organization	Unknown	Teach missing entry- level skills to populations that face barriers to employment

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## Department of Aging

The Department of Aging (PDA) operates the Senior Community Service Employment Program. This program provides on-the-job training for residents with low income who are over 55 years old. The DOL funds 90% of the program (\$4,276,213, FY 2023), and state and local resources fund the remaining costs (\$475,134, FY 2023).

#### **Department of Agriculture**

The Department of Agriculture (PDAg) lists eight apprentice and two pre-apprentice programs in agriculture-related occupations as workforce development activities conducted by the PDAg.

#### **Department of Corrections**

The Department of Corrections (DOC) operates vocational training programs (e.g., automotive repair, electrician, optical assistant, print shop, warehouse operations) to prepare inmates for employment upon release from prison.

#### Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs (DMVA) website hosts a job board that lists open positions in state government, recruiting and hiring events, and training opportunities that are available to veterans. The DMVA advertises programs that support veterans who are seeking employment with links on the DMVA site to CareerLink, PA VETConnect, the PA Department of State's professional licensure website, the PDAg's Homegrown by Heroes program, and the Troops to Teachers website.

#### Pennsylvania Higher Education Assistance Agency

The PA Higher Education Assistance Agency (PHEAA) operates the PA Targeted Industry Program (PA TIP), which provides needs-based financial support to students enrolled in qualified programs that could lead to jobs in HPOs. Eligible programs must be between 10-weeks and 2-years in duration and lead to qualifications in the energy, health, advanced materials, manufacturing, agriculture, and food-production sectors. Students can receive up to \$6,000 annually to pay for tuition, books, fees, supplies, and living expenses while they are enrolled in courses. During 2022-2023, PA TIP received \$8.6 million in state funding and served 2,296 participants. Graduation rates ranged from 78.49% (2018-2019 recipients) to 88.02% (2021-2022 recipients). Overall, 92.69% of graduates from 2018-2022 were employed. PHEAA reports demand is expected to exceed available funding in 2024. The largest program of study was Licensed Practical Nurse, with 862 recipients enrolled between 2018-2022. This program also had the highest graduation rate of 90.72%. Welding; Heating, Air Conditioning, Ventilation; Electrician; and Nursing Assistant rounded out the top 5 most popular programs of study. All had graduation rates above 75%.

#### State Workforce Development System: In Summary

The above narrative of the system is detailed in Figure 8, which shows the state agencies attached to the workforce system, displays the explicit programs for veterans, and indicates how these programs interface with the state development board and LWDBs. Programs within the State Workforce Development System that serve only veterans or grant priority access to veterans are circled in the figure. All other programs are available to veterans and civilians alike.

## Figure 8 State Workforce Development System



Programs within the State Workforce Development System that serve only veterans or grant priority access to veterans are circled in the figure. All other programs are available to veterans and civilians alike.

## Evidence for the Effectiveness of the Federal and State Workforce System

Numerous studies have been conducted on the workforce system's effectiveness over time and include a focus on the strategies outlined in the WIOA and its predecessors. <sup>163</sup>

A 2008 review found that 19% of unemployed job seekers use the Employment Service (ES), which is the network of public employment offices across the United States that helps people find jobs. This rate is double the rate of those using private, for-profit employment agencies. Job seekers who rely on using ES tend to be African American or Native American, are 25 years old or older, have a high school education, reside in mid-sized cities, and have annual household incomes below \$15,000. A recent employer survey revealed that 30% of employers in the United States use state ES agencies to find workers; when including referrals from community-based nonprofit organizations, this figure rises to 50%. Larger businesses, particularly those with more than 500 employees, were more than twice as likely to recruit through the ES compared to smaller businesses with less than 20 employees.<sup>164</sup>

A 2011 Government Accountability Office report examined the federal workforce system and highlighted significant challenges within the system.<sup>165</sup> This report identified 47 different overlapping programs that cost taxpayers \$18 billion a year, and little evidence exists showing that these programs work. Of these, only five had conducted impact studies, and findings indicated inconsistent effects across programs. Notably, six of the programs targeted veterans, and five of these programs provided similar types of employment and training services, and, collectively, \$1.1 billion were spent in FY 2009 on 823,000 participants.

In 2021, an evidence scan conducted by Mathematica, for DOL, found that individuals who used specific strategies, such as case management, integrated service delivery, and sector-based training programs, significantly improved their employment and earnings outcomes. However, strategies like transitional jobs, yielded little long-term impacts.<sup>166</sup>

One of the most rigorous studies of federal workforce development legislation and programs was a randomized controlled trial (RCT) associated with the Workforce Investment Act Gold Standard Evaluation. The study produced mainly inconclusive results; Adult and Dislocated Worker trainings did not result in positive impacts 30 months post-enrollment.<sup>167</sup> In another RCT on the Job Training Partnership Act (JTPA), trainees earned an average of \$2,598 more per year than individuals who did not receive training services 2 years after program completion.<sup>168</sup> Quasi-experimental studies of WIA programs demonstrated small, but statistically significant, impacts on earnings and employment for adults with low income shortly after enrollment<sup>169</sup> and for 12 calendar quarters thereafter.<sup>170</sup> <sup>171</sup> However, other studies have found that these impacts diminish over time, and outcomes vary based on the type of training received.<sup>172</sup> For instance, training focused on specific occupational skills and on employer-provided and on-the-job trainings, which were found to be more effective than broader occupational skills training that did not include these components.<sup>173</sup>

For apprenticeship programs, a quasi-experimental design study <sup>174</sup> showed that participants in registered apprenticeships experienced 8.6 percentage points higher employment rates and earned an average of \$6,595 more annually than nonparticipants.<sup>175</sup> A recent systematic review of the empirical research on apprenticeships noted that registered apprenticeship programs serve a small number of workers in the United States (600,000) relative to the 19.4 million enrolled in higher education.<sup>176</sup> Despite the increasing popularity of these programs, less than half of the participants complete their programs; thus retention rates are low.<sup>177</sup> There are limited data as to why completion rates are low; however, most apprentices voluntarily quit for several reasons: not

paying union dues; not showing up for work; not attending classes; or experiencing financial barriers, such as poor money management, lack of reliable transportation, and inability to acquire physical tools for the job.<sup>178</sup> <sup>179</sup> Other noted challenges in the apprenticeship space include the underrepresentation of women, Asian individuals, and African American individuals. In addition, two other main obstacles were involving employers through incentives and balancing hands-on and remote learning modalities.<sup>180</sup> As of September 27, 2024, according to the apprentice's home address, PA has 15,497 active apprentices with a median wage of \$20 per hour and 3,957 completer apprentices with a median wage of \$26.97 per hour (average wage \$36.58). Among completers, national median wages are \$23.25, and the average wage is \$28.27. Of the active apprentices, 33.97% were aged 24 and under, and 12.64% were veterans. Sixty-seven percent of apprenticeships were in the construction industry, and the top three occupations were electrician (16.75%), carpenter (13.59%), and correction officer (8.02%). Allegheny County led in successful apprenticeship completions, with 1,936 active participants and 400 completer participants and individuals had an average median wage of \$35.02 per hour.<sup>181</sup>

Some transitional-employment programs, often referred to as subsidized employment, have demonstrated positive long-term impacts on earnings and employment.<sup>182</sup> One RCT of the Personal Roads to Individual Development and Employment, which provided employment services that were tailored to participants' medical conditions, found large and significant impacts on earnings and employment during the first year, and there was a 4-percentage point increase in employment that persisted through the ninth guarter.<sup>183</sup> Another RCT on the Enhanced Transitional Jobs Demonstration showed improved earnings and employment rates for individuals 30 months after enrollment, which was when most participants left their transitional jobs.<sup>184</sup> A synthesis of the findings from RCTs of 13 subsidized employment programs conducted by HHS found that approximately half of the programs demonstrated sustained improved employment and earnings impact for workers through the second year after study enrollment for 2 years postenrollment. Four programs maintained these benefits beyond that timeframe.<sup>185</sup> The Center for Employment Opportunities reported that participants in a transitional-employment program that served individuals with a criminal history in New York found that 50% of participants were more likely to be employed than their counterparts in the comparison group, and the positive impacts persisted for 3 years post-enrollment.<sup>186</sup>

There is mixed evidence surrounding career pathways and sector-oriented training programs that aim to provide individuals with targeted education and training in specific industries or sectors. A literature review of 96 impact evaluations of career pathways programs identified that 62% of the programs indicated positive impacts on employment outcomes, while 33% of the programs showed no impact.<sup>187</sup> Green Jobs and Health Care Impact Evaluation observed positive effects on intermediate outcomes, such as vocational training participation and job-placement assistance, for the four grantee programs examined in the literature review; significant positive employment and earnings impacts were noted for one of the four programs.<sup>188</sup> The Trade Adjustment Assistance Community College and Career Training Initiative showed net positive effects for educational outcomes; however, smaller effects were observed for employment and wage outcomes.<sup>189</sup> An RCT of the Accelerated Training for Illinois Manufacturing program found increases in training enrollment, completion rates, earned certificates, employment, and earnings compared to the control groups accessing WIA and other community services.<sup>190</sup> Pathways for Advancing Career and Education also showed increases in mid-skill job placements.<sup>191</sup>

Sector-oriented training programs, delivered by employers and educational organizations, have shown positive long-term earnings impacts in three of four studies using the WorkAdvance model.<sup>192</sup> <sup>193</sup> RCT results indicated average earning increases of \$4,500 over 24 months, <sup>194</sup> while Health Professions Opportunity Grants yielded wages that were 4% higher than those of control

participants. Impacts were larger for individuals with some college education and who had fewer barriers to employment.<sup>195</sup>

#### PA WIOA Performance

The performance of PA's WIOA is largely detailed in their Annual Statewide Performance Report. Their last report was submitted in December 2023 for PY 2022 (July 1, 2022, to June 30, 2023). The reporting requirements ask the state to report on the following numbered sections. Highlights pertaining to each of these report sections are included in the bullets below.

- 1. Waivers.
  - a. PA had no active WIOA waivers for PY2022.
- 2. Effectiveness in serving employers' performance indicator pilot.
  - a. PA piloted two federal measures and three state-created measures to assess retention of a participant with the same employer in the second and fourth quarters following a participant's exit from a WIOA core program.
- 3. Completed or planned evaluations, research projects, and other state efforts to provide data or implement continuous quality improvement strategies using the results of studies or evaluations.
  - a. A third-party evaluation of the first and second rounds of the digital-literacy grants awarded was completed. The first-round evaluation included a site visit to 31 grantee sites and a 2023 final report that indicated the following as the result of participation: 1,774 individuals were served from the grants, 2,394 trainings were provided with a 97% self-reported satisfaction rate, and a 99% self-reported skill improvement rate was reported.
  - b. The consulting firm, KPMG, completed a third-party evaluation to determine whether the system effectively serves businesses and whether the system infrastructure is sufficient to support service delivery. <u>The report</u> highlighted the need for consistent statewide communication and regular, frequent engagement.
  - c. An evaluation of the efficacy of performance metrics was completed for the Reemployment Services and Eligibility Assessment Program. This evaluation took place before the value of program participation was measured using an RCT that examined outcomes related to benefits duration, employment retention, wages, and employment rates.
  - d. The consulting firm, KPMG, was hired to assess grant performance, including analyzing grants to improve performance monitoring; creating evaluation tools and performance dashboards; assessing incoming data; and producing summaries, reports, and infographics. DLI also has a partnership with Harvard Kennedy School Government Performance Lab through June 2024 to improve the grantmaking process
  - e. Pre-apprenticeship programs within the secondary-school system are being considered for Act 158, which allows for the successful completion of a pre-apprenticeship program approved as an alternative assessment pathway to high school graduation.
  - f. Creating and using a statewide common digital intake form, rather than using 62 CareerLink-specific forms, is underway.
  - g. The functionality in the CWDS is being expanded to include the following: integrate the digital intake form, incorporate apprenticeship activities and TANF youth

expenditures and outcomes, and develop a portal for local board compliance and financial monitoring.

- h. The National Governor's Association Workforce Digital Literacy Grant is available on the PA open data portal. This grant includes an interactive map of digital-literacy training in the state.
- i. Numerous facilitator jobs aids and foundational trainings (e.g., Basics of WIOA Title I Application and Eligibility, Basics of Hard Exits Versus Soft Exits, Navigating the Basics of Job Postings, Primary Indicators of Performance) for workforce development professionals were developed and delivered.
- 2. Approach to customer satisfaction.
  - a. PA collects customer satisfaction information through surveys, created by LWDAs, and these were given to job seekers and employers to evaluate the following: service quality, the facilitator's knowledge, areas where the service was helpful and where the service needed improvement, and solicitation of overall feedback.
- 3. Combined state plan progress on achieving its strategic vision and goals.
  - a. Pre-Employment Transition Services were provided to 19,247 individuals.
  - SkillUp PA, which has 52,000 registered users, was launched. As of October 2023, 33,326 courses were completed, and 21,000 training hours were completed. All LWDBs have local portals to develop employer-job seeker networks.
  - c. A Workforce Longitudinal Data System was initiated in 2021 to collect data across multiple agencies. A Workforce Data Quality Initiative grant was awarded. PY 2022 focused on workforce outcomes for Title II participants and employment and health outcomes for the re-entry population in relation to recidivism and the use of DHS services, such as TANF and SNAP.
  - d. Regulations for Occupational Licensing Reform Law (Act 53 of 2020) is being finalized.
  - e. PA participated in the DOL and Jobs for the Future Job Quality Academy to develop a toolkit for businesses to use to help them increase job quality to improve worker recruitment and retention.
- 4. Sector strategies and career pathways implementation progress.
  - a. Schools-to-Work grants are used to create workforce development partnerships between schools, employers, organizations, and associations for preapprenticeships and training pathways for students in grades 9 through 12. Ten programs were awarded \$2.2 million in funding for June 2023 through May 2025.
  - b. Industry partnerships were awarded \$5.4 million to 25 partners in healthcare, information technology, manufacturing, building, construction, and agriculture. In addition, specialized training for Industry Partnership conveners, including community of practice calls, specialized technical assistance, professional development, and regular check-in calls with each partnership and state team liaisons was developed.
  - c. In support of the Apprenticeship Building America (ABA) grants provided by DOL, apprenticeships were integrated into the workforce system and, currently, serve 27 counties. 10 LWDBs have received \$1.8 million in grant funding. In addition, a new website for accessing apprenticeship information and a case-management system and reporting system (since the ABA grant is outside of WIOA performance-metric requirements) were created. In addition, 106 registered pre-

apprenticeship programs, of which 26 are sponsored by CTCs or schools with a Career and Technical Education curriculum, were formed.

- d. PAsmart has invested \$12 million in 84 projects related to apprenticeships that have resulted in the creation of 42 new pre-apprenticeship programs, and 1,655 participants have completed these programs. In addition, 88 new apprenticeship programs were created, and 1,627 participants completed these programs. These programs serve 2,339 employers and 744 training providers. PAsmart has also awarded three rounds of Science, Technology, Engineering, and Mathematics (STEM) and Computer Science Advancing Grants that total \$44.4 million to more than 90 recipients.
- 5. Small state allotment exception to decrease minimum out-of-school youth expenditure requirement.
  - a. PA did <u>not</u> receive a small state minimum allotment exception from the federal government.
- 6. State-specific performance accountability system measures or goals.
  - a. Details on the data-validation process were provided.
- 7. Activities provided with the governor's reserved funds.
  - a. Agribusiness workforce development resources to educate eligible farmers and agribusiness owners were developed.
  - b. Digital-literacy and workforce development grants, rounds 3 and 4, were awarded.
  - c. Business education partnerships grants to LWDBs, which included \$3.2 million to schools, businesses, and LWDB collaboratives to develop pathways around HPOs and in-demand occupations, were awarded.
  - d. Youth re-entry grants of \$5.5 million to 10 LWDBs for individuals who are 18 to 24 years old to help them gain meaningful employment were awarded.
  - e. A near completer grant, which totaled \$6 million, was awarded to four LWDBs and was given to individuals who started post-secondary education in high priority or in-demand job fields, but who stopped before completion of their degree or certificate, to help them return to school.
- 8. Rapid-response activities and layoff aversion.
  - a. WorkTech Program, which is a tool that can be used to address digital disconnect and create an implementation plan and technology roadmap, was created. This tool costs about \$3,000 per worker engaged.
- 9. Wagner-Peyser activities.
  - a. Virtual and digital-literacy services for workers were increased.
  - b. Professional-development delivery model was improved.
  - c. PA CareerLink Outreach Toolkit was implemented.
- 10. National Dislocated Worker Grants.
  - a. An online learning platform that builds on SkillUp PA Metrix was developed. This platform could allow historically marginalized communities to benefit from self-paced online training modules to increase their skills and assist them with job searches.
- 11. Technical assistance needs.
  - a. Pay-for-performance contracts are needed.
  - b. Integrated education and training for Title I and II are needed.
- 12. Promising practices, lessons learned, and success stories.

- a. A June 2023 policy change allows adult learners to combine portions of GED and High School Equivalency Test exams to take portions in Spanish and English to meet the requirements.
- b. Act 55 of 2022 amended PA School Code to require all public high schools and career and technical education centers to have at least one dual enrollment agreement with an institution of higher education beginning in the 2022-2023 school year. One hundred secondary schools were awarded \$6.5 million to implement the new law and to create or expand dual credit opportunities for secondary school students. Schools had until June 2024 to use the grant money.
- c. Accessibility standards were reviewed for all PA CareerLink centers and access points to support individuals with disabilities. Each LWDB was outfitted with an ADA-Compliance Assessment Kit.
- d. Personal Connections Experience Program (PCE) is offered to high school students who have disabilities to provide workplace readiness and job exploration to students. Upon completion of the program, students can earn a \$625 stipend. There are 40 providers in PA approved to conduct PCEs.
- e. Paid 10-week summer internships at state agencies for individuals who are in college and who have disabilities were implemented, so these students could experience state employment and gain work experience.
- f. A single point of contact model was initiated with InspiriTec, Inc., to maintain a large-scale recruitment initiative for an employer partner committed to hiring individuals with disabilities.
- g. There was a 580% increase in on-the-job training due to wage reimbursements and new partnerships with companies committed to hiring individuals with disabilities
- 13. Workforce system challenges.
  - a. Data-sharing prohibitions and the cost of integrating established data systems across agencies remain a significant barrier.
  - b. Achieving full staffing for vocational rehabilitation and creating better availability.
  - c. Digital access, literacy, and a divide due to the lack of broadband internet and lack of digital literacy inhibit participation in the workforce.
  - d. Staffing shortages in the Bureau of Workforce Partnership Operations exist.
- 14. PA had no Pay-for-Performance contracting in PY 2022.

## **Recommendations**

Recommendations for strengthening the Workforce Innovation and Opportunity Act (WIOA) and workforce system generally focus on improving flexibility, funding, and effectiveness. Below are the recommendations that center on actionable items for the state and federal governments. Information was gathered directly from peer-reviewed and gray literature. Note, the recommendations are not veteran specific, and there is a separate group of recommendations that is directed toward veterans.

## State Government: Strengthening Workforce Development

Expand and Enhance Workforce Training Programs to Promote Quality Jobs, Strategic Sectoral Partnerships, Industry-Recognized Credentials, and Digital-Skill Development.<sup>196</sup>

- The Department of Labor and Industry (DLI) should establish a coordinated industrydriven funding model that draws on promising practices from other states and aligns regional workforce boards and industry partners through sector-based funding pools, employer-led training partnerships, pre-employment and upskilling pathways, performance-based funding, and cross-sector collaboration.<sup>e</sup>
- DLI and workforce agencies should prioritize training programs that lead to industryrecognized credentials.<sup>197</sup>
- PA state workforce agencies should partner with employers and education institutions to scaleup apprenticeship models.
- PA state workforce agencies, in partnership with the state Department of Education, should expand digital-access and integrate digital-skills training into job-training programs.

## Embed Evidence-Based Approaches and Evaluation into All Aspects of Workforce Development.<sup>198</sup>

- DLI should require grants and contracts to be awarded to providers that implement evidence-based approaches in their service delivery.
- DLI and regional workforce boards should develop performance-based funding models that tie payments to outcomes, such as job placements and wage growth.<sup>199f</sup>
- DLI and workforce program administrators should embed evaluation requirements in program design and delivery to ensure accountability and continuous quality improvement.<sup>200</sup>
- DLI and the PA General Assembly should require providers to dedicate a minimum of 10% funding for program evaluations to strengthen evidence and effectiveness.<sup>g\*</sup>
- DLI and the PA Governor's Office should leverage discretionary grants (e.g., U.S. Department of Labor [DOL] Workforce Data Quality Initiative, U.S. Department of Education State Longitudinal Data System, and statewide set-aside funds) to support workforce evaluation efforts.

## Strengthen Workforce Development Infrastructure Through Program Integration, Staffing, and Data Systems.

• The DLI should conduct a comprehensive review of workforce programs to assess alignment and identify gaps in service coordination including (1) mapping existing programs, services, and funding streams to highlight overlaps, inefficiencies, and areas of improved integration; (2) developing a standardized referral process; (3) establishing shared performance metrics across programs; and (4) implementing cross-agency training to ensure a unified approach to workforce development.

<sup>&</sup>lt;sup>e</sup> Example models include the <u>Wisconsin Regional Training Partnership</u>, the <u>California High Road Training Partnership</u>, and <u>Massachusetts' Workforce Competitiveness Trust Fund</u>. These models are well positioned to benefit sectors such as the semiconductor industry and clean energy sectors. The <u>Good Jobs Challenge</u>, from the American Rescue Plan Act, also aims to strengthen regional workforce systems and partnerships and create job-training opportunities (e.g., <u>Philadelphia Works</u>).

<sup>&</sup>lt;sup>f</sup> "In October 2020, Partner4Work issued this Request for Proposals (RFP) to identify training programs that will provide a specific pathway for Allegheny County job seekers ages 18+ to gain industry-recognized credentials and procure employment. To incentivize credential attainment, "Payment will be made 50% on enrollment into a training program and 50% when documentation of a credential earned is provided to Partner4Work."

<sup>&</sup>lt;sup>g</sup> Currently, \$2 million are dedicated in the state budget to evaluation; however, what services/programs are currently being funded from this line item is unclear.

- DLI and the PA General Assembly should allocate adequate staffing and resources to the CareerLink system to ensure full service delivery.
- DLI, the Department of Education (PDE), and regional workforce boards should improve data sharing across core workforce programs by addressing legal barriers and funding integration efforts.
- DLI, in collaboration with state agencies and education institutions, should develop a common participant identifier to streamline data collection and improve tracking of workforce outcomes.

## Establish a Family Sustaining Wage Standard and Expand Benefits and Job Standards for Critical Occupations

- Direct the Department of Human Services (DHS) and DLI to set minimum pay benchmarks for critical occupations, such as child care workers and home healthcare aides, using a formula tied to cost-of-living data rather than minimum-wage levels.
- Create a registered apprenticeship model for critical occupations to encourage workers earn credentials while receiving wage increases that are tied to training completion.
- Require workforce boards to prioritize funding for caregiving careers on PA's High Priority Occupation (HPO) list to ensure these workers have access to tuition-free training and employer incentives for career advancement.
- Use state procurement and licensing power to require home healthcare agencies and child care providers that receive state funds to provide a living wage and benefits package (e.g., paid sick leave, health insurance, retirement).
- Fund a demonstration project of a Guaranteed Basic Income for workers employed in caregiving careers by providing a monthly stipend to stabilize income and address workforce shortages.

# Enhance the Development and Use of High-Priority Occupation and In-Demand Occupation Lists.

- Establish a priority watch list for occupations that show signs of future growth, but do not yet meet HPO criteria to help ensure workforce programs can proactively address emerging industries like semiconductor manufacturing or green energy.
- Provide tax credits or state-matching grants for employers that create apprenticeship and training programs aligned with HPO/In-Demand Occupation List (IDOL) occupations that pay family-sustaining wages to strengthen industry engagement in workforce development.

## Veterans: Strengthening Workforce Development

### Establish a Pennsylvania Veterans Talent Attraction and Retention Strategy.

- Direct the DLI and the Department of Military and Veterans Affairs (DMVA) to develop a statewide initiative to attract, train, and retain veteran talent.
- Create veteran-focused workforce navigators within state workforce development programs to ensure veterans have dedicated personnel who can guide them in their transition to civilian employment. This guidance will include the following: assisting

veterans access training programs, connecting veterans to jobs, and assisting veterans with credentialing.

- Develop a state-led veteran job placement program by collaborating with private industry and community organizations to create direct pathways into high-demand industries, such as healthcare, information technology, cybersecurity, manufacturing, and clean energy.
- Provide housing incentives and relocation assistance for veterans and their families who choose to relocate to PA for employment and include tax-relief incentives or housing subsidies.
- Develop a statewide-applied research initiative to study workforce trends and use veterans as a test case for emerging skills gaps in the labor market.

### Establish Veterans Workforce Demonstration Projects

 PA should pilot veteran-focused workforce programs as demonstration projects to assess improvements to employment outcomes. These efforts should include working with the DOL Veterans' Employment and Training Service (VETS) to develop demonstration projects that evaluate the impact of expanded eligibility and modernized Disabled Veterans' Outreach Program (DVOPs) and Local Veterans Employment Representative (LVER) roles.

## Federal Government: WIOA Modernization and Reauthorization

The U.S. Congress should take the following actions:

## Reauthorize and Modernize WIOA With Adequate Funding and Responsive Workforce Solutions.<sup>201</sup>

- Reauthorize and increase WIOA funding to keep pace with economic growth, inflation, and workforce demands by addressing a budget shortfall of up to \$1 billion.
- Modernize WIOA to expand access to reskilling and upskilling; integrate technological advancements; and fund essential work-related support services, such as transportation, child care, and adult care.
- Strengthen post-secondary education and workforce alignment by allocating dedicated funds to community colleges and technical schools. The Department of Education (ED) and DOL should expand programs like the Strengthening Community College Training Grant to build job-training partnerships with employers and workforce systems.
- Amend WIOA to expand the Governor's Reserve to allow states more flexibility in program implementation and to expand innovative workforce solutions that are tailored to local needs with guidance and oversight from the DOL.
- Revise the Wagner-Peyser Act to allow greater flexibility in staffing decisions and workforce service-delivery integration at the state and local levels with updated regulations from the DOL to support this effort.
- Establish a National Workforce Trust, overseen by the DOL, that requires large employers to contribute to a shared fund that provides long-term, sustainable support for worker training.

## Strengthen Data Infrastructure and Prioritize Outcome-Based Evaluations for Workforce Programs.

- Enhance workforce data systems by increasing DOL funding to improve data collection, integration, and transparency across programs.
- Require the DOL to implement outcome evaluations to collect long-term outcomes on job placements and earnings.<sup>202</sup>
- Require the DOL and Bureau of Labor Statistics (BLS) to apply common metrics across workforce programs for veterans and civilians to enable comparative research on program effectiveness.

### Streamline Program Administration to Allow Greater Flexibility and Responsiveness.

- Update funding formulas for WIOA Youth, Adult, and Dislocated Worker programs that are implemented by the DOL to reflect current economic conditions and local needs.
- The DOL should simplify reporting requirements and maintain accountability to reduce the administrative burden around compliance and allow states to prioritize service delivery.
- The DOL should provide implementation guidance to improve local workforce flexibility by simplifying the redesignation process for local workforce areas, which would enable states to develop more flexible regional workforce strategies.

## Expand WIOA and Jobs for Veterans State Grants to Broaden Veteran Eligibility and Improve Program Efficiency.

- Advocate for legislative or administrative changes to expand Jobs for Veterans State Grants (JVSG) eligibility to include all transitioning Service members, National Guard/Reserve members, and not just those veterans who experience barriers to employment or have service-connected disabilities.
- Adjust the priority of service rules to ensure any veteran who is at risk of or is currently underemployed can access JVSG-funded services.
- Allow DVOP specialists to serve a broader population of job-seeking veterans, including those seeking career advancement, upskilling, or career changes.
- Shift LVER roles to work more closely with industry leaders to place veterans in highgrowth, high-wage industries.
- Require better evaluation and reporting on DVOP and LVER effectiveness, and measure outcomes like job placements, wage increases, and long-term employment stability.
- Encourage state workforce agencies to integrate VETS programs into regional workforce strategies, making DVOPs, LVERs, and WIOA staff work in coordination.
- Advocate for allowing states to direct JVSG funds toward in-demand training and support for veteran job seekers.
- Explore the blending and braiding of funding across state and federal workforce programs to increase overall resources available for veteran-employment initiatives.

## **Next Steps**

This report provides a detailed overview of the workforce development system from the federal to the state level. To effectively enhance PA's workforce development system, understanding how the system operates "on the ground" and in practice is crucial. The complexities of workforce dynamics, including the regional and local nature, require the gathering of insights directly from stakeholders to inform targeted and actionable recommendations.

### Conduct a Qualitative Implementation Study.

 Investigate the real-world functioning, operational challenges, and successes of the PA workforce development system within the current policy and regulatory frameworks. The focus of such an effort would be on the use of evidence-based practices and implementation variability.

### Examine the DLI Grant Portfolio.

• Analyze the DLI grant portfolio to assess, in-depth, the funded programs and their impacts on PA's workforce and identify promising strategies and pinpoint areas of improvement.

#### Perform a Focused Analysis to Assess the Effectiveness of Workforce Components.

• This assessment should examine component's effectiveness by sub-populations of interest, identify gaps, and provide further targeted policy and practice recommendations.

## Identify Potential Veteran Employment Demonstration Projects That Could Be Implemented at Different Sites Across the Commonwealth.

 Identify innovative efforts in veteran-employment support that could be tailored to PA, tested, and evaluated. The identified project's outcomes could lead to meaningful changes in veteran's employment status.

## Appendix A. Glossary of Acronyms

Acronym		Notes
AJC	American Job Center	Also referred to as the One-
		Stop System or One-Stop
		Center; PA CareerLink
ATO	Apprenticeship and Training Office	Under PA DLI
BIL	Bipartisan Infrastructure Law	
BLS	U.S. Bureau of Labor Statistics	
CEO	Chief Elected Officials	
CETA	Comprehensive Employment and Training Act of 1973	
CHIPS	Creating Helpful Incentives to Produce Semiconductors	Also referred to as CHIPS and
	and Science Act	Science Act
CTC	Career and Technical Education Centers	PA
CWDS		
CVVDS	Commonwealth Workforce Development System	Data-management and
		reporting system of record
		used for all data collection and
		reporting related to all WIOA
		Title I and III, Wagner Peyser
		Act and Trade Adjustment
<b>DOED</b>		Assistance (TAA) activity in PA
DCED	PA Department of Community and Economic	
	Development	
DHS	PA Department of Human Services	
DLI	PA Department of Labor and Industry	Legally designated by the
		governor to serve as the state
		workforce agency
DMVA	PA Department of Military and Veterans Affairs	
DOC	PA Department of Corrections	
DOL	U.S. Department of Labor	
DVOP	Disabled Veterans' Outreach Program	
ED	U.S. Department of Education	
ELECT	Education Leading to Employment and Career Training	
	Program	
ES	Employment Service	AKA Wagner-Peyser
ETP	Eligible Training Provider	
GED	General Educational Development Test	
HHS	U.S. Department of Health and Human Services	
HPO	High-Priority Occupation	
HUD	U.S. Department of Housing and Urban Development	
HVRP	Homeless Veterans Reintegration Program	Competitive grant program to
		organizations offering
		employment services to
		homeless veterans
IDOL	In Domand Occupation List	
	In-Demand Occupation List	
IFO	PA Independent Fiscal Office	
IRA	Inflation Reduction Act	
	Individual Training Account	
JTPA	Job Training Partnership Act of 1982	
JVSG	Jobs for Veterans State Grant	
JVA	Jobs for Veterans Act of 2002	
LMI	Labor Market Information	
LVER	Local Veterans Employment Representative	
LWDA	Local Workforce Development Area	

LWDB	Local Workforce Development Board	
MDTA	Manpower Development Training Act of 1962	
NVTI	National Veterans Employment and Training Services	Operated by DOL VETS to
	Institute	train veteran service providers
OVR	Office of Vocational Rehabilitation	Under PA DLI
PA WDB	PA Workforce Development Board	
PDA	PA Department of Aging	
PDAg	PA Department of Agriculture	
PDE	PA Department of Education	
PHEAA	PA Higher Education Assistance Agency	
PIC	Private Industry Council	Replaced by Workforce Investment Boards
SNAP	Supplemental Nutrition Assistance Program	
TANF	Temporary Assistance for Needy Families	
TAP	Transition Assistance Program	
USERRA	Uniformed Services Employment and Reemployment	
	Rights Act of 1994	
VEP	Veterans Employment Program	
VETS	U.S. Veterans Employment and Training Service	
VEVRAA	Vietnam Era Veterans Readjustment Assistance Act of 1974	
VWIP	Veterans Workforce Investment Program	
WIA	Workforce Investment Act of 1998	
WIB	Workforce Investment Boards	
WIOA	Workforce Investment and Opportunity Act	
WD	Workforce Development	
WDA	Workforce Development Area	
WDB	Workforce Development Board	

# Appendix B. Shapiro's Strategy Economic Development Strategy (https://pagetsitdone.com/wp-content/uploads/EconomicDevelopmentStrategy-DCED 2024 FINAL.pdf):

Goals	Strategic Initiatives	Measure of Success
Invest in Our Economic Growth to Compete. We want our Commonwealth to be a place where we prioritize economic development investments, and where those investments result in real opportunities for our businesses, communities, and residents.	<ol> <li>Boost state investment in site development, preparedness, and marketing. Invest in: Pennsylvania Strategic Investments to Enhance Sites (PA SITES) program.</li> <li>Pennsylvania Certified Shovel Ready Sites program.</li> <li>Expand support for Pennsylvania's small businesses with a focus on historically disadvantaged businesses and workers.</li> <li>Expand access to funding to help disadvantaged businesses gain access to both low- cost capital through Community Development Financial Institutions (CDFIs) and technical support through Small Business Development Centers (SBDCs).</li> <li>Improve the Pennsylvania Minority Business Development Authority.</li> <li>Overhaul internal procurement policies and processes to provide more small businesses with the opportunity to become a supplier to state government.</li> <li>Simplify and increase funding for Pennsylvania's Economic Development Toolkit.</li> <li>Invest in tourism and recreation asset development</li> </ol>	Accelerate Pennsylvania's job growth rate, becoming a top 15 state in job creation. (currently 41st).
Make Government Work at the Speed of Business. <i>We want our</i> <i>Commonwealth to be a</i> <i>place where all</i> <i>companies find an</i> <i>attractive business</i> <i>environment to</i> <i>innovate and thrive.</i>	<ol> <li>Cut through red tape and foster collaboration across state agencies.         <ul> <li>a. Take a whole-of-government approach to economic development and convene an economic strategy group to identify challenges, solve problems, and continue to improve Pennsylvania's business environment.</li> </ul> </li> <li>Reform state permitting process with a focus on customer experience.</li> <li>Reinvent and Invest in the PA Department of Community &amp; Economic Development.         <ul> <li>Build an agency to reflect the new ambition this plan represents.</li> <li>Increase focus on an aggressive marketing effort to attract, retain, and grow businesses.</li> <li>Recognize an increasingly interconnected global economy, aggressively court international investment, and provide expertise and assistance to Pennsylvania companies looking to access foreign markets.</li> </ul> </li> <li>Build collaborative, consistent processes for interaction with local and regional economic partners, as well as state government agencies.</li> </ol>	Become a Top 10 State for Business. (currently 15th).
Open Doors of Opportunity for All Pennsylvanians. <i>We want our</i> <i>Commonwealth to be a</i>	<ol> <li>Keep Pennsylvanians in Pennsylvania through internships, pre-apprenticeships and registered apprenticeships, and experiential learning opportunities.         <ul> <li>a. State government will work with Pennsylvania higher education, labor unions, and private sector partners to launch an effort to match students, new graduates, and</li> </ul> </li> </ol>	Become a Top 10 State in Median Wage Growth. (currently 35th).

Goals	Strategic Initiatives	Measure of Success
place where every Pennsylvanian can secure a family- sustaining job and a meaningful career.	<ul> <li>workers with in-state employers for internships, pre-apprenticeships, registered apprenticeships, and experiential education opportunities.</li> <li>2. Double down on workforce training and pre-apprenticeship and registered apprenticeship programs. <ul> <li>a. Continue to focus on implementing equitable access to high-speed internet, explore new approaches to reduce biases in recruiting and hiring, and invest in regional strategies that address both individual and community-wide barriers to employment.</li> <li>b. Improve the workforce delivery model by creating reverse referral programs for employers, structuring industry partnership programs with labor unions and private sector companies, realizing rapid returns on our investments in customizable pre-apprenticeship and registered apprenticeship programs, and ensuring innovative workforce solutions are scalable and replicable.</li> </ul> </li> <li>3. Fully integrating workforce development into economic development efforts by assisting existing and new companies with workforce funding and customized solutions that meet the needs of Pennsylvania businesses. <ul> <li>a. Through a renewed focus on workforce training and workforce partnership, we will maintain a competitive labor pool that can adapt to changing economic conditions.</li> </ul> </li> <li>4. Realign Pennsylvania's higher education system to meet our workforce needs. <ul> <li>a. Align state dollars with the programs and credentials that students and employers want.</li> <li>b. Create incentives for students to complete school and give our universities the resources they need to meet these goals.</li> </ul> </li> <li>5. Make college more affordable for all Pennsylvanians.</li> <li>6. Grow our workforce by expanding criminal record expungement, reducing recidivism with comprehensive probation reform, and providing opportunities to secure family</li> </ul>	
Innovate to Win.	sustaining jobs and meaningful careers.	Increase the number
We want our Commonwealth to be a place where innovators become entrepreneurs, and new discoveries	<ol> <li>Accelerate investments in priority industry sectors &amp; entrepreneurial ecosystems through a newly established Pennsylvania innovation fund.         <ul> <li>a. Match funds for communities and companies to pursue federal grant opportunities.</li> <li>b. Financial support for innovative Pennsylvania startup companies, including grants, tax credits, low-interest financing, and equity investments.</li> </ul> </li> </ol>	of startups in high growth industries by 1,100 over ten years, bringing our share of startups up from 6.6% to 10% in these industries, and
Goals	Strategic Initiatives	Measure of Success
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enable our people and	c. Structured incentives to attract, retain, and develop top global research and	becoming a leader
companies to succeed.	development clusters and human talent aligned with Pennsylvania's priority industries.	among peer states for entrepreneurial growth.
	<ul><li>d. Technical assistance to support startup companies.</li><li>2. Launch Pennsylvania Problem Solvers Startup competitions to find entrepreneurial</li></ul>	9
	solutions to our pressing challenges.	
	a. The Pennsylvania Problem Solvers competition will target complex and	
	persistent problems facing both government and the private sector and offer award	
	funding to startup firms with technologies and approaches to solve them.	
	3. Establish industry & higher education innovation councils to provide government with	
	real world counsel from business and thought leaders.	
	a. Convene Pennsylvania industry leaders and higher education partners to better	
	inform economic policies, retain and attract companies, and promote the creation of	
	new businesses and startups.	
	4. Start Buy Pennsylvania Initiative to align supply chain network and boost in-state collaboration.	
	5. Create a centralized database and matchmaking capability that assists	
	Commonwealth businesses with identifying in-state supply chain connections.	
Build Vibrant and	1. Launch the Pennsylvania Regional Challenge to incentivize regional growth.	Achieve equitable
Resilient Regions.	a. Create a regional economic competitiveness challenge to provide funding and	regional growth, and
	capacity building support for local partners.	increase job creation,
We want our	2. Support communities by investing in downtowns and main streets revitalization.	wages, and labor force
Commonwealth to be a place where every	3. Compete for federal funding to improve Pennsylvania's infrastructure and support	participation in every region of the
community flourishes	businesses and workers.	Commonwealth.
and provides for the	a. Build out a modern infrastructure grid and continue to augment federal funds with	
needs of all their	state appropriations for roads and bridges, water and sewers, high-speed internet,	
residents and businesses.	and clean energy infrastructure. Partner with local government, labor unions, and private industry to maximize the amount of federal funds flowing back to	
DU311103303.	Pennsylvania residents and regions.	
	4. Expand availability of housing.	
	a. Partner with residential developers to construct and rehabilitate new and existing	
	housing stock across the Commonwealth.	
	b. Leverage existing state and federal programs such as the Weatherization	
	Assistance Program.	

Strategic Initiatives	Measure of Success
<ul> <li>c. Respond to the existing shortage of market rate housing by partnering with the private sector, partner organizations, and organized labor to ensure that every Pennsylvanian has access to high quality housing.</li> <li>5. Launch a market rate housing task force to study and advise efforts to expand our inventory of market rate housing.</li> </ul>	
	c. Respond to the existing shortage of market rate housing by partnering with the private sector, partner organizations, and organized labor to ensure that every Pennsylvanian has access to high quality housing.

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