



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

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Executive 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 20th 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 highlight the specific actions PA can implement to maximize impact. Federal government recommendations can be found [here](#).

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

- The PA Department of Labor & Industry (DLI) should establish a coordinated industry-driven 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.^a
- DLI and workforce agencies should prioritize training programs that lead to industry-recognized credentials.²
- PA state workforce agencies should partner with employers and education institutions to scale up 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.³

- 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.^{4 b}
- DLI and workforce program administrators should embed evaluation requirements in program design and delivery to ensure accountability and continuous quality improvement.⁵
- DLI and the PA General Assembly should require providers to dedicate a minimum of 10% funding for program evaluations to strengthen evidence and effectiveness.^c
- 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.

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

^b "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."

^c 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.