



In partnership with  
**National Association of State Liaisons for Workforce  
Development Partnerships<sup>1</sup>**  
&  
**National Association of State Workforce  
Board Chairs**

# The Promise of the State-Federal Partnership on Workforce Development & Training

## EXECUTIVE SUMMARY

A skilled and productive workforce is critical for the economic vitality of the United States. However, our nation currently faces several key labor market challenges:

- Business leaders throughout our nation warn of a skills crisis due to the lack of qualified workers to fill the high-skilled jobs of tomorrow.
- Many Americans have been excluded from recent economic gains, with wage growth that is still slow and unevenly distributed.
- Parents, youth and families are increasingly anxious about a future where the next generation of workers may not have the same opportunities to prosper as the one before.

***A major part of the solution to these challenges lies in effective and efficient state workforce development systems***

– diverse public-private partnerships between businesses, government, and education and training providers designed to ensure that individuals have the skills needed by businesses.

- These systems are key components of high-quality education systems, provide freedom of choice for job seekers and are an integral part of economic development deals that bring millions of jobs to states each year.
- State workforce development systems are driving up the number of employed individuals nationwide and a critical contributor to the historically-low national unemployment rate.
- State systems serve over 22 million job seekers and hundreds of thousands of businesses each year through a variety of programs, including initiatives focused on dislocated workers and youth.

Federal support of these systems through the Workforce Innovation and Opportunity Act (WIOA) are the lifeblood of workforce development in communities across the country. Every dollar of federal investment through WIOA contributes to a strong economy and further federal disinvestment places job seekers and businesses in jeopardy. A strong partnership between states and the federal government is crucial in ensuring the needs of businesses and job seekers are fully met by state workforce development systems.

**The Trump Administration can build on states' effective workforce solutions by:**

- Building on WIOA as a foundation for economic growth – ensuring flexibility for states while not changing course on a bipartisan law that is still being implemented.
- Initiating effective communication and consultation with states.
- Creating connections and alignment of funding, coordination and data between federal education and workforce programs.
- Prioritizing investments in the workforce system to enable state innovation – any decrease in federal funding disrupts economic growth and job creation in the states.
- Supporting state efforts to develop meaningful performance measures and accountability systems.
- Prioritizing innovative, evidence-based strategies – including apprenticeships, work-based learning, career and technical education, and career pathways.
- Avoiding unfunded mandates by factoring in federally-mandated requirements – which can have disproportionately negative impacts on states with smaller populations.

## INTRODUCTION

As “laboratories of innovation,” states are using the Workforce Innovation and Opportunity Act (WIOA) to build on successful elements of their current systems and designing and implementing new approaches based on **three cornerstones of successful workforce development systems**:

1. Businesses drive workforce development efforts
2. Education partnerships align education and training with skill needs
3. Career pathways lead to economic opportunity

Each state workforce development system is guided by three key entities that deliver on this vision:

- The governor who serves as the chief job creation officer in each state and leverages the workforce development system to attract new business and grow small business in every community;
- A private-sector led state workforce development board that works on behalf of the governor to set the vision and strategy needed for success in their state’s economy and to hold the system accountable for performance outcomes; and
- A state workforce agency that is charged with implementing an effective and accountable system and working together with other state agencies and federal and local government entities to ensure a comprehensive set of services is provided to businesses and job seekers.

### I. WIOA: STATE- AND BUSINESS-LED

WIOA – passed by Congress with overwhelming bipartisan support – mandates a business-led role in establishing workforce development system priorities, while enabling effective coordination between public and private sector partners. WIOA plays an essential role in addressing the economic challenges facing businesses, individuals, and communities, and in building a skilled workforce to support sustainable economic growth. The wellbeing of these stakeholders depends on continued investment in WIOA, which is the lifeblood of workforce development systems nationwide.

In recent years, state workforce development systems have demonstrated their effectiveness in finding innovative solutions to pressing workforce challenges despite significant funding constraints, and are well-positioned to build on these successes in implementing WIOA.

#### Key State Workforce Development System Successes to Build On:

- ***Demonstrated ROI and Results for Employers and Job Seekers:*** Rigorous evaluations of core programs administered by state workforce development systems have demonstrated significant returns on investment (ROI) and positive impacts on employment and wages for participants, as well as employer and job seeker satisfaction with services.<sup>2</sup> Last year, almost 70 percent of adults and youths served by these programs nationwide found jobs in which they earned more than before they received services.<sup>3</sup>
- ***Reemploying Dislocated Workers During the Great Recession:*** During the height of the Great Recession, when there were almost seven people looking for work for every one job available,<sup>4</sup> state workforce development systems collectively placed a majority of those who sought services into employment and have had higher placement rates in subsequent years.
- ***Supported Sector Partnerships in Key High-Demand Industries:*** Workforce systems have been key supporters and conveners of over 1,000 regional sector partnerships – business-driven initiatives that bring together stakeholders focused on the workforce needs of an industry.<sup>5</sup>
- ***Expanded Innovative Strategies and Apprenticeships:*** State workforce development systems have leveraged federal investments to expand the use of innovative strategies, such as apprenticeship, work-based learning and career and technical education (CTE). The number of registered apprentices increased by approximately 35% from 2013 - 2016, and there are now over 500,000 registered apprenticeships in a diverse range of industries and occupations with continued growth anticipated.<sup>6</sup>

While significant progress has been made, the work is far from done. States are in the early stages of implementing WIOA’s vision of an integrated workforce development system that more effectively and quickly responds to business and worker needs. States are already responding by reducing duplication, co-locating services, and leveraging funding across programs to scale effective initiatives that build on these successes.

*Continued federal support for and investment in workforce development is crucial, as is increased flexibility for states to continue designing innovative approaches that create opportunities for more workers and businesses to prosper.*

## II. THREE CORNERSTONES OF A SUCCESSFUL WORKFORCE DEVELOPMENT SYSTEM

The wellbeing of individuals, families and businesses depends on continued investment in workforce development programs. Even under significant funding constraints, states across the country have made significant progress and have demonstrated that success is built on three key cornerstones.

### Cornerstone 1: Businesses Drive Workforce Development Efforts

States and the federal government should support efforts that:

1. **Expand Sector Partnerships with Businesses.** For more than a decade, states have been supporting and scaling state, regional, and local level public-private partnerships. These sector strategies, focused on high-demand industries, have demonstrated effectiveness and are individualized and scalable, through assistance from federal resources.
2. **Build Talent Pipelines.** By collaborating with business, setting a clear vision for education and training, braiding state and federal resources, and using real-time data to inform policy and investment, states have signaled their commitment to utilizing a coordinated approach to developing a skilled workforce.

### Cornerstone 2: Education Partnerships Align Education and Training with Skill Needs

Across the country, states are leading efforts that bring businesses and education to the table to create job-driven solutions that respond to labor market needs. States and the federal government should continue to support and expand efforts that:

1. **Create Opportunities for Students to Work and Learn.** The proven value of hands-on learning, where education and skill development are combined, has led states to rethink the way adults and youth are prepared for sustainable careers. A stronger focus on work-based learning models like apprenticeship, on-the-job training, and internships leading to high-demand industry credentials will create pathways out of poverty and into the middle class.
2. **Deliver Career-focused Education.** By entering into partnerships with high schools and colleges, states are leveraging policies and programs to strengthen partnerships with businesses to bring job-related instruction and work experiences directly into education coursework. These efforts include career and technical education (CTE) that prepares students for a wide and growing range of occupations.

### Cornerstone 3: Career Pathways Lead to Economic Opportunity

Career pathway strategies incorporate human services, education and workforce programs to serve vulnerable populations in rural and urban America - including disconnected youth, veterans and long-term unemployed workers - to advance towards self-sufficiency. Effective strategies should be expanded to:

1. **Build More Pathways to Self-sufficiency.** States across the country have implemented programs that allow individuals to meet the work requirements of federal benefit programs while helping them move into jobs and careers that will allow them to be long-term self-sufficient. These include programs that combine basic education with occupational skill development and provide work experience for individuals that help them transition to permanent employment.
2. **Reduce Poverty by Helping Families.** Recognizing that many individuals' barriers to employment are broader than simple skill deficiencies, states are adopting multi-generational strategies to help families achieve self-sufficiency. Multi-generational strategies involve connecting human services like childcare, healthcare, and transportation, with education and career preparation programs, meeting the needs of working adults and their children.

### III. DELIVERING ON THIS VISION

States have played a crucial role in connecting businesses and educational institutions to create a skilled workforce that meets the needs of businesses and creates pathways to economic opportunity for individuals and businesses. Even when faced with budget cuts and crises, state and local leaders work to quickly, competently and judiciously act to ensure businesses have the workers they need to be competitive. With WIOA, these efforts will be sustained and enhanced through a prominent role for governors with state and local workforce boards and sustaining the partnership between states and the federal government.

#### **A Critical Role for Governors and Workforce Development Boards**

Led by private sector business executives, governor-appointed workforce development boards are designed to play a critical role at the nexus of strategic leadership and decision making for the public workforce development system. As part of their responsibilities under WIOA, boards assist governors and local elected officials in the development, oversight, and continuous improvement of their workforce development systems.

Through these activities, workforce development boards act as key conveners with significant impact on economic development and employment. At the state level, it is critical that governors maintain the authority to determine the makeup of the state board to ensure that it represents a variety of key industries across the state, key state leaders and the voice of workers.

#### **Strong Partnership between Federal Government, State Agencies and Governors**

Governors and state workforce agencies play a critical role in the successes achieved by workforce development systems. Agencies administer an array of federal programs and governors' initiatives and must coordinate these efforts with other state and local agencies administering interrelated programs. State workforce agencies have worked cooperatively with the U.S. Department of Labor and other federal agencies with oversight of the federal resources that flow to state and local agencies. With the passage of WIOA, the U.S. Department of Labor has led efforts across federal agencies to build a strong partnership with states to transform the workforce development system.

The years ahead provide a significant opportunity to scale existing successes, and promote the transformation of state workforce development systems. The bipartisan passage of the WIOA was successful in addressing many of the concerns and challenges identified by stakeholders involved in the system. States' support for this law has shown that there is broad-based consensus on common-sense, state-led innovations.

*Governors and their state workforce development boards and workforce agencies will continue to work in partnership with federal agencies to ensure the needs of businesses, workers and families are effectively and efficiently met and gains continue in workforce development system outcomes.*

### IV. RECOMMENDATIONS FOR THE TRUMP ADMINISTRATION

The foundation of WIOA is strong. However, as WIOA moves into full implementation, states need support from the federal government to design and implement a system that meets their unique needs, while upholding accountability that balances quality and flexibility.

- 1. Build on WIOA as a Foundation for Economic Growth.** Federal and state workforce programs are not only tools to help communities recover from periods of economic distress, but also a tool to sustain economic growth by ensuring a steady flow of skilled talent for must-fill jobs. The public workforce system is a preventive measure against economic deterioration and WIOA allows it to be nimble, quickly adjusting to the free market. The Trump Administration should build on WIOA and ensure a flexible regulatory and enforcement environment, but should not change course on a federal law that states are now implementing with certainty.
- 2. Initiate Effective Communication and Consultation with Governors, State Workforce Boards, and State Agencies.** The federal government and states must work together to develop policies that facilitate business engagement and job seeker readiness in place of policies characterized by audits and reporting. State innovation can be a key asset to the Trump Administration in ensuring that federal investments best meet the needs of the diverse economies and systems across the states. States appreciate the opportunity to continue to collaborate with federal officials in piloting new initiatives in ways that complement ongoing state workforce development system efforts.

- 3. *Prioritize Investments in the Workforce System.*** WIOA and other federal workforce investments have received broad bipartisan support in Congress. States' ability to effectively implement the bipartisan vision of WIOA and provide innovative, business-driven solutions is strongly linked to sustainable federal funding levels. The demonstrated effectiveness of workforce programs highlighted in this briefing paper and momentum continuing through WIOA implementation make a strong case for prioritizing federal workforce investments.

The state message to the Trump Administration is clear: any decrease in federal funding to workforce programs, even with additional flexibility, will disrupt economic growth and job creation in the states. To ensure that the workforce investments are as effective and efficient as possible, we recommend:

- ***Preserving and expanding the governors' federal workforce reserve.*** WIOA reserves 15 percent of Title I funds for statewide use, allowing governors to support a variety of innovative initiatives that benefit businesses and workers. If the Trump Administration is considering additional flexibilities for state workforce development efforts, consider applying the flexibility provided to governors under the workforce reserve to a greater percentage of Title I dollars.
- 4. *Create Alignment of Funding, Coordination, and Data between Federal Education and Workforce Programs.*** WIOA sets high expectations for state alignment of the workforce system with the welfare system, career and technical education and postsecondary education. Yet, the federal government does not hold themselves to those same expectations. Despite herculean efforts by states to align programmatic efforts and data collections, federal agencies remain significantly siloed. The Trump Administration should require the same collaborative efforts between the Departments of Education, Health and Human Services, and Labor that states are now undertaking to reduce the duplicative reporting, data, and regulatory requirements currently in place.
  - 5. *Support State Efforts to Develop Meaningful Performance Measures and Accountability Systems.*** Governors, state workforce development boards, and state agencies aim to assure the public that state spending of federal investments are producing positive outcomes for workers and employers. It is important that governors are at the center of performance accountability so they can drive towards achieving state economic goals; and that federal agencies maintain a simple set of regulations and performance measures that are supportive of state efforts, and allow for meaningful comparisons across state borders. Federal technical assistance is also important as states continue to update their performance accountability systems to reflect WIOA requirements.
  - 6. *Prioritize Innovative, Evidence-Based Strategies.*** States have led the way in implementing apprenticeships and other forms of work-based learning, career and technical education, and career pathways with the access to innovation that WIOA provides. The Trump Administration can drive further progress by continuing to prioritize these evidence-based strategies in their investments and creating an oversight environment that allows states to experiment with cutting-edge strategies that keep pace with the changing-pace of business.
  - 7. *Avoid Unfunded Mandates by Factoring in Federally Mandated Requirements.*** WIOA mandates significant state and local investments in the workforce development system, including the use of physical one-stop service delivery centers, state oversight and technological infrastructure. The Trump Administration should factor these fixed cost obligations into workforce funding considerations to avoid unfunded mandates that can deplete state resources, especially in states with smaller populations.

States have taken advantage of the opportunities under WIOA to make significant progress on business-driven efforts to build a skilled workforce and increase economic opportunities. State-directed federal investments can move the workforce development system to be even more relevant to current and future economic growth and job creation.

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<sup>1</sup> The National Association of State Liaisons for Workforce Development Partnerships and the National Association of State Workforce Board Chairs are affiliated with the National Governors Association, Center for Best Practices. The members of the State Liaisons Association are state officials responsible for administering state and federal workforce programs and advising their respective governors on workforce policy. The members of the State Board Chairs Association are private sector executives appointed by their governors to chair the state workforce development board authorized under WIOA, to oversee the public workforce development system and advise the governor on workforce policy.

<sup>2</sup> Hollenbeck, Kevin, and Wei-Jang Huang. 2006. "Net Impact and Benefit-Cost Estimates of the Workforce Development System in Washington State." Upjohn Institute Technical Report No. 06-020. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. Available at <http://dx.doi.org/10.17848/tr06-020>.

<sup>3</sup> U.S. Department of Labor - Employment and Training Administration: Quarterly Workforce System Results, available at <https://www.doleta.gov/performance/results/>.

<sup>4</sup> U.S. Bureau of Labor Statistics: Number of unemployed persons per job opening, seasonally adjusted, available at <https://www.bls.gov/charts/job-openings-and-labor-turnover/unemp-per-job-opening.htm#>.

<sup>5</sup> State Sector Strategies Coming of Age: Implications for State Workforce Policymakers. Corporation for a Skilled Workforce, National Governors Association, National Skills Coalition. January 2013. Available at <https://www.nga.org/files/live/sites/NGA/files/pdf/2013/1301NGASSSReport.pdf>.

<sup>6</sup> U.S. Department of Labor - Employment and Training Administration: Apprenticeship USA Data and Statistics, available at [https://doleta.gov/oa/data\\_statistics.cfm](https://doleta.gov/oa/data_statistics.cfm).