

Introduction

America is grappling with workforce shortages across nearly every sector of the economy. In addition, learners, job seekers, and employers face a complex workforce development and education landscape that is often fragmented, difficult to navigate, and ineffective at imparting the necessary skills for employment. Opportunities to work, earn family-supporting wages and build wealth continue to be limited for too many, while employers often encounter challenges in building and sustaining skilled talent pipelines. This limits opportunity for the success of families and regional economies alike, and, critically, hinders the ability of American workers and businesses to compete in the global market.

Perhaps now more than ever, Governors are focused on addressing workforce shortages in key sectors while ensuring that pathways to quality, family-supporting jobs are available to everyone, particularly those with barriers to employment.²

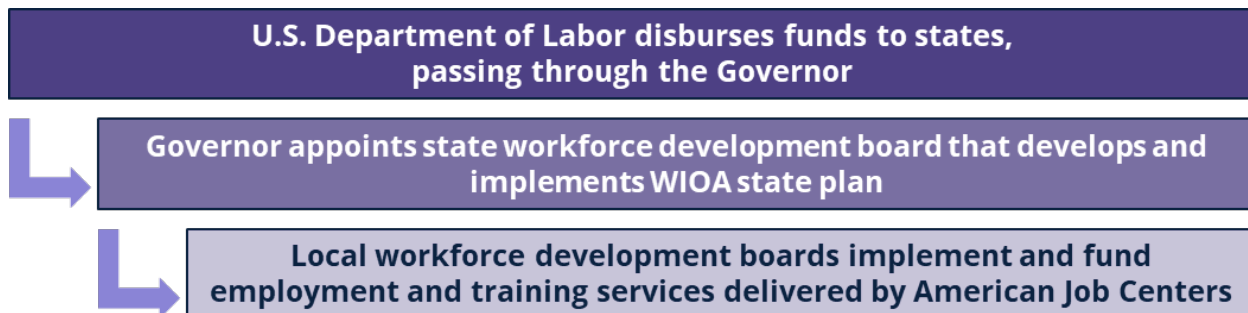
The federally funded workforce development system affords Governors significant authority and several policy levers to tackle these challenges and to foster better alignment across the education, workforce, and employment ecosystem in their states and territories.

In 2014, an overwhelming bipartisan majority in the United States Congress passed the Workforce Innovation and Opportunity Act (WIOA). Through WIOA, federal policymakers and the many local, state, and nonprofit advocates involved sought to improve on prior decades of policy to reform the public workforce system³ so it would respond more quickly to employer needs and deliver comprehensive support to equip jobseekers – especially those facing significant barriers to employment – with the skills and resources necessary to move into good-paying jobs.⁴

To advance these goals, and recognizing the needs of employers and jobseekers with barriers to employment will differ across regions, WIOA granted substantial authority to Governors to shape and implement a workforce development strategy that best suits their state or territory. WIOA consists of four titles that govern the public workforce system⁵ and provides Governors with policy levers and funding streams that allow them to drive an outsized share of states' workforce development activities during each required four-year planning period.

The responsibility and flexibility Governors have to set the vision and guide the coordination of these investments provides tremendous means for Governors to establish and sustain a workforce development system that generates better outcomes for workers, employers, and their communities.

Figure 1 - Flow of funds in the WIOA system



Policy Levers Available to Governors



Creating, Communicating, and Executing the State's Vision and Priorities for Workforce Development

WIOA offers Governors multiple policy levers for establishing a vision and priorities for the public workforce development system and its partners. This includes Governors' ability to issue a clear charge to the state workforce development board that outlines their responsibilities and role in the workforce system, their authority to appoint a chairperson and members of the state workforce development board that are best positioned to carry out the Governor's vision, and Governors' opportunity to ensure the WIOA state plan embodies their vision.

1. Issue a Clear Charge to the State Workforce Development Board as a Strategic Leadership Body

WIOA requires that state workforce development boards undertake a wide range of activities, including offering recommendations to the Governor and other stakeholders on how to best align the workforce development system with its partners and ensure the system is continuously improving.⁶ Governors can determine to what extent the board will serve as a strategic body driving cross-system alignment, accountability, and innovation, or whether it will focus more narrowly on WIOA compliance requirements.⁷

Opportunities for Governors to consider include:

- Communicating the core purpose of the state workforce development board and define its strategic and compliance charges;
- Determining what, if any, additional responsibilities the state workforce development board should have that are not already required by WIOA, such as formally surveying employers' needs; and
- Developing a consistent and efficient feedback loop between the Governor and the state workforce development board.

NGA's High-Performing State Workforce Board Framework

High-performing state workforce development boards fulfill three key roles:

1. **Connector:** set and communicate a **vision** for the entire workforce system;
2. **Convener:** model and manage **strategic partnerships** that achieve the vision; and
3. **Conductor:** use data and accountability systems to **keep the system accountable**.

From "[Building a High Performing State Workforce Board: A Framework and Strategies for States](#)"





Directing Funding Toward Those Priorities by Leveraging Authority Over Funding Formulas and Governor's Reserve Funds

Governors have the authority to invest substantial portions of their state's WIOA allotments in their highest workforce development priorities. This includes set-asides within WIOA program funds known as the "Governor's Reserve", as well as the ability to establish alternative funding formulas that allocate WIOA resources based on the Governor's priorities.

1. Tap the Governors Reserve to Make Strategic Investments

WIOA provides for a portion of state allotments under each of its major programs to be set aside for Governors to allocate to high-priority areas.

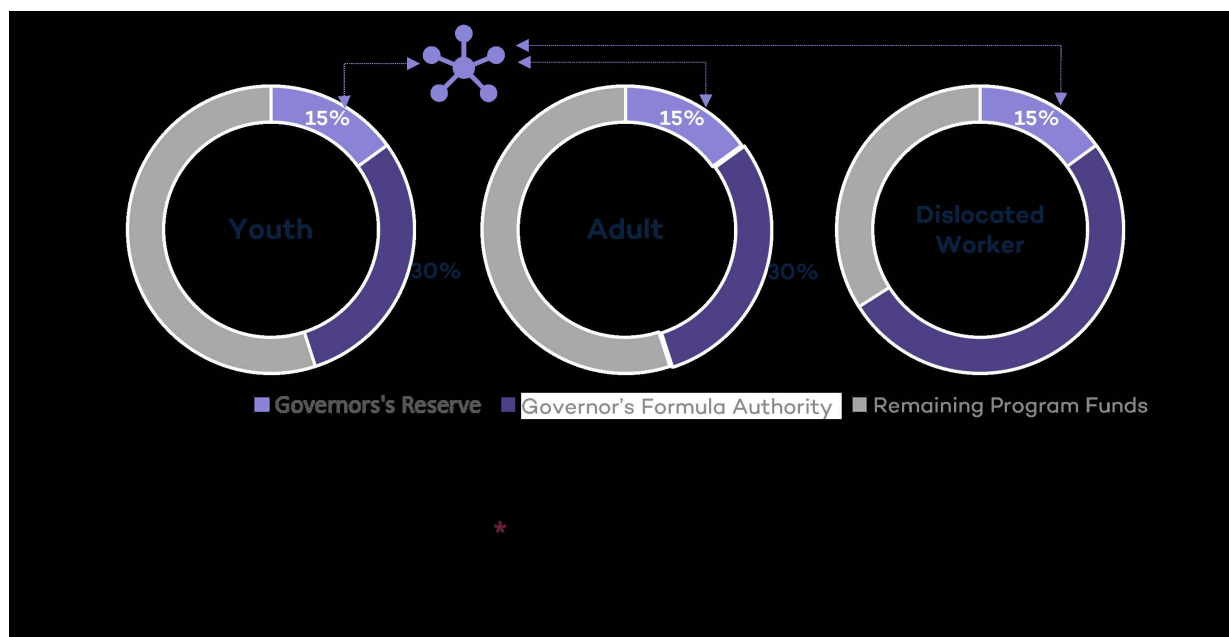
- **Title I Program Governor's Reserve:** WIOA allows Governors to set aside 15% of their (Title I Youth, Adult, and Dislocated Worker program) allotment for their highest workforce development priorities.¹⁴ These funds are pooled in the Governor's Reserve, providing additional flexibility for Governors to invest funding without needing to follow the program restrictions of each of the sources.¹⁵
- **Title II Governor's Reserve:** WIOA allows Governors to set aside 12.5% of Title II (Adult Education and Family Literacy Act) dollars for their highest workforce development priorities.¹⁶
- **Title III Governor's Reserve:** WIOA allows Governors to set aside 10% of Title III (Wagner-Peyser) dollars for their highest workforce development priorities.¹⁷
- **Rapid Response Activities:** WIOA allows Governors to designate up to 25% of the Dislocated Worker Program in Title I for the state to carry out "rapid response activities."¹⁸ Governors have the authority to determine how these funds are used to identify, plan for, and respond to events that lead to significant numbers of workers becoming dislocated.¹⁹

2. Direct Funds Within Title I Programs by Establishing Alternative Funding Formulas

Governors also have the authority to establish alternative funding formulas for significant portions of WIOA Title I Youth, Adult, and Dislocated Worker programs. Establishing alternative formulas allows Governors to direct more funding to local areas that are of higher priority than what is allocated under the formulas established under WIOA – including, for example, areas with higher poverty or unemployment rates.

- **Youth Program:** Governors may establish an alternative funding formula for 30% of program funds that are not set aside in the Governor's Reserve.²⁰
- **Adult Program:** Governors may establish an alternative funding formula for 30% of program funds that are not set aside in the Governor's Reserve.²¹
- **Dislocated Worker Program:** Governors may establish an alternative funding formula for 60% of program funds that are not set aside in the Governor's Reserve.²²

Figure 2 – Governors' Authority Over Title I Program Funding



Ensuring Quality Service Delivery to Employers and Jobseekers by Overseeing System Performance and Accountability

Governors have multiple policy levers available through WIOA to establish strong governing bodies and hold WIOA system partners accountable. This includes the authority to set the metrics and criteria by which training providers and programs are evaluated and held accountable.

1. Establish Performance Metrics and Standards That Align With the Governor's Vision for Workforce Development

While WIOA includes a set of required metrics to evaluate system performance, it also allows Governors to set additional metrics by which programs are evaluated under Title I and Title II.²³ The metrics required for Youth Programs differ slightly than those for the Adult and Dislocated Worker Programs and Title II Programs, but most include median earnings, employment rates, and credential attainment rates.²⁴

Opportunities for Governors to consider include:

- Setting additional metrics for the WIOA system that promote systems alignment and align with the Governor's overall vision for workforce development; and
- Aligning these metrics with existing performance metrics for other programs.

Metrics to Evaluate System Performance Required by WIOA

- ✓ The percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- ✓ The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program;
- ✓ The median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- ✓ The percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent during participation in or within 1 year after exit from the program;
- ✓ The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains toward such a credential or employment.

2. Ensure Accountability by Creating High Standards for Service Providers

Governors, in collaboration with the state workforce development board, can establish strong accountability and oversight protocols for training programs that receive WIOA funding to support participant enrollment.²⁵ Specifically, Governors can set the application processes and criteria for prospective training providers to be admitted to, and maintain good standing with, the state's Eligible Training Provider List (ETPL). With this authority, Governors serve as stewards of public dollars and assure the quality of programs serving WIOA participants.

Opportunities for Governors to consider include:

- Ensuring that training providers admitted to the ETPL can deliver outcomes that align with the Governor's vision for workforce development;
- Ensuring ETPL requirements result in the funding of high quality programs while still allowing for innovative programs to participate;
- Establishing standards that detail what would merit a training provider having its ETPL status revoked;
- Ensuring providers admitted to the ETPL are well-positioned to serve individuals with barriers to employment; and
- Giving priority to providers that offer postsecondary credentials.

Conclusion

This brief outlines the menu of policy options Governors have available to them when assessing how to optimize their public workforce system so that it responds to their state or territory's priority needs and builds more sustainable talent pipelines for tomorrow. As labor shortages persist across sectors and at all skill levels, WIOA offers Governors and state workforce development policymakers key opportunities to address barriers to training and employment, particularly for those from low-income and underserved communities.

WIOA empowers Governors to leverage their authority through the public workforce system to create a clear vision for workforce development, charge their appointed state workforce development board with achieving that vision, direct resources to innovative programs and priority populations, respond rapidly to evolving employer needs, and increase workforce participation – particularly among underserved, disconnected or discouraged individuals.

Additionally, as other federal investments are allocated to states for workforce development outside of WIOA, Governors can align those programs with their workforce vision and priorities established through their WIOA authority. As the nature of work and the economy evolves, Governors can use WIOA's flexibility and its emphasis on innovation and alignment to invest in new solutions that empower the development of a competitive, skilled, and inclusive workforce.

The Workforce Development and Economic Policy program in the NGA Center for Best Practices provides Governors and state workforce system leaders with a range of general and customized technical assistance including policy research and analysis, strategic planning and meeting facilitation, access to federal partners and subject matter experts, and other support on a broad range of workforce development policy and program administration issues.

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Appendix

Opportunities for Alignment with Education, Training and Human Services

To successfully carry out their vision for workforce development, Governors may consider which other federal systems and programs that help individuals gain skills and employment should be aligned with WIOA activities. Governors can look to the “required” and “additional” One-Stop delivery system partners outlined in WIOA as opportunities for increasing workforce development system coordination and impact.²⁶ While these programs may not provide Governors with the same level of flexibility afforded by WIOA, aligning these programs with WIOA activities can enable states to deliver more comprehensive and efficient services for residents. The surrounding systems with the clearest opportunity for alignment with WIOA activities include, but are not limited to:

- **Career and Technical Education for the 21st Century Act (Perkins V):** Perkins V, typically housed in a state’s Department of Education, provides almost \$1.3 billion annually to states for career and technical education (CTE) programs for youth and adults.²⁷ It is a required One-Stop partner under WIOA and lends itself as a natural opportunity for alignment as it is designed to prepare students – including those in special populations²⁸ – for careers in high-demand and emerging sectors. Furthermore, Governors are permitted to align their required planning efforts under WIOA and Perkins V and submit a combined plan to the U.S. Departments of Labor and Education. Ultimately, Governors can bolster the impact of both systems through alignment of career pathways and other programs under WIOA and Perkins V that advance the development of a skilled and responsive workforce through CTE.
- **Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T):** SNAP E&T, listed by WIOA as an “additional” One-Stop partner, provides roughly \$300 million annually to states to help SNAP recipients gain skills, training, or work experience to increase their ability to obtain employment. The statute directs that E&T programs are to be delivered through the state workforce development system and gives states authority to set eligibility requirements for SNAP E&T participation. This authority offers Governors a significant opportunity to align WIOA activities with SNAP E&T and meet the common goals of both programs. SNAP E&T programs are typically administered by a state’s Department of Health and Human Services.
- **Temporary Assistance for Needy Families (TANF):** TANF provides nearly \$16.5 billion annually to states in the form of block grants. TANF, typically administered by a state’s Department of Health and Human Services, is a required one-stop partner under WIOA and authorizes states to spend a portion of their block grant on workforce development activities. As WIOA and TANF have a shared goal of promoting economic self- and family-sufficiency through employment, Governors can advance both programs by ensuring they are integrated to efficiently train and uplift families experiencing financial hardship.

• **Work Opportunity Tax Credit (WOTC)**

WOTC, which is a part of the federal tax code, rewards employers for hiring individuals from designated groups. Governors can align their state’s definition of “Individual with Barriers to Employment” in WIOA with that of the criteria for WOTC to ensure employers can carry out a consistent approach to reaching historically underserved individuals and encourage employers to engage more with the public workforce system.

WOTC Designated Groups	Individuals with Barriers to Employment
<ul style="list-style-type: none"> • The formerly incarcerated or those previously convicted of a felony • Recipients of state assistance under Part A of Title IV of the Social Security Act (SSA) • Veterans • Residents in areas designated as empowerment zones or rural renewal counties • Individuals referred to an employer following completion of a rehabilitation plan or program • Individuals whose families are recipients of Supplemental Nutrition Assistance under the Food and Nutrition Act of 2008 • Recipients of supplemental security income benefits under Title XVI of the SSA • Individuals whose families are recipients of state assistance under part a of Title IV of the SSA • Individuals experiencing long-term unemployment 	<ul style="list-style-type: none"> • Displaced homemakers • Low-income individuals • Indians, Alaska Natives, and Native Hawaiians • Individuals with disabilities, including youth who are individuals with disabilities • Older individuals • Ex-offenders • Homeless individuals, or homeless children and youths • Youth who are in or have aged out of the foster care system • Individuals who are English language learners, individuals who have low levels of literacy, and individuals facing substantial cultural barriers • Eligible migrant and seasonal farmworkers. Individuals within 2 years of exhausting lifetime eligibility under part A of title IV of the Social Security Act • Single parents (including single pregnant women) • Long-term unemployed individuals

• **National Apprenticeship Act (NAA)**

NAA, originally passed in 1937, established the registered apprenticeship system. WIOA recognizes entities that carry out programs registered under NAA as eligible to receive funds through the Eligible Training Provider List. This automatic eligibility demonstrates the importance and opportunity for Governors and states to align registered apprenticeship efforts with the WIOA system so both work in concert to train and employ individuals in family-sustaining careers. NAA programs are typically administered by a state’s Department of Labor.

References

¹ Title II authorizes activities designed to improve literacy rates and skills attainment among adults; Title III integrates the Employment Service established in the Wagner-Peyser Act of 1933 into WIOA Title I; and Title IV authorizes services for workers with disabilities.

² The Workforce Innovation and Opportunity Act includes a definition for “Individual with Barrier to Employment” and allows Governors add populations that meet this classification as they see fit.

³ The public workforce system comprises a network of state and local entities that deliver employment and training services and make available other programs established under WIOA.

⁴ Congressional Research Service, “The Workforce Innovation and Opportunity Act and the One-Stop Delivery System,” <https://crsreports.congress.gov/product/pdf/R/R44252> (accessed October 31, 2022).

⁵ Ibid.

⁶ 29 U.S. Code § 3111

⁷ Please see “Building a High Performing State Workforce Board: A Framework and Strategies for States,” which was published by the NGA Center in December 2016, for more information.

⁸ 29 U.S. Code § 3111

⁹ 29 U.S. Code § 3111(b)(1)

¹⁰ 29 U.S. Code § 3111(b)(1)(C)(iii)(II)

¹¹ 29 U.S. Code § 3112(a)

¹² 29 U.S. Code § 3111(d)(1)

¹³ 29 U.S. Code § 3112(c)(3)

¹⁴ 29 U.S. Code § 3163(a) and 29 U.S. Code § 3173(a)(1)

¹⁵ 20 CFR § 682.110

¹⁶ 29 U.S. Code § 3302(a)(2)

¹⁷ Wagner-Peyser Act of 1933, as amended, sec.7(b)

¹⁸ 29 U.S. Code § 3173(a)(2)

¹⁹ 20 CFR § 682.300

²⁰ 29 U.S. Code § 3163(b)(3)

²¹ 29 U.S. Code § 3173(b)(3)

²² 20 CFR § 683.120(e)

²³ 29 U.S. Code § 3141(b)(2)(B)

²⁴ 29 U.S. Code § 3141(b)(2)(A)

²⁵ 29 U.S. Code § 3152

²⁶ Workforce Innovation and Opportunity Act, 81 Fed. Reg. 56190 (August 19, 2016)

²⁷ Strengthening Career and Technical Education for the 21st Century Act, (July 31, 2018)

²⁸ 20 U.S. Code § 2302