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Governors Reshaping Workforce Development: Turning WIOA Challenges into Workforce Solutions

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About the Project on Workforce

The Project on Workforce is an interdisciplinary, collaborative project between the Harvard Kennedy School's Malcolm Wiener Center for Social Policy, the Harvard Business School Managing the Future of Work Project, and the Harvard Graduate School of Education. The Project produces and catalyzes basic and applied research at the intersection of education and labor markets for leaders in business, education, and policy. The Project's research aims to help shape a postsecondary system of the future that creates more and better pathways to economic mobility and forges smoother transitions between education and careers. Learn more at www.pw.hks.harvard.edu.

About the National Governors Association

The National Governors Association is the voice of the leaders of 55 states, territories, and commonwealths. Our nation's Governors are dedicated to leading bipartisan solutions that improve citizens' lives through state government. Through NGA, Governors identify priority issues and deal with matters of public policy and governance at the state, national and global levels. Learn more at www.nga.org.

Executive summary

The Workforce Innovation and Opportunity Act (WIOA) grants Governors significant authority to shape their state workforce systems.[1] Yet, little research explores how they use those powers to strengthen their economies and expand access to employment and training. To bridge that knowledge gap, the Project on Workforce conducted in-depth interviews with Governors' workforce development policy advisors in 34 states and technical surveys of workforce administrators in 17 states. Our research examines how Governors are leveraging WIOA and other policies to design, fund, and implement workforce development strategies in an evolving economic landscape.

Nearly 60% of Governors' advisors described low labor force participation as a significant factor shaping their workforce development strategies.[2] They are experimenting with new policy approaches to address this challenge: fostering innovative programs, enhancing cross-agency collaboration, and expanding career pathways. Despite chronic resource constraints and systemic hurdles, Governors are working to meet industry needs while striving to ensure individuals with barriers to employment have access to quality jobs. Through our research, five trends emerged, highlighting both the opportunities and obstacles shaping the future of state workforce systems.

Key findings

1. **States are shifting organizational structures to improve workforce governance.** Over half of advisors reported that organizational structure has a significant impact on how they address workforce challenges and administer public funds. To elevate workforce development as a policy priority, some Governors have designated advisors or created offices within their Executive Office to serve as central workforce policy coordinators. In Alabama, for example, Governor Kay Ivey established the Office of Education and Workforce Transformation within the Governor's Office to align the state's education, workforce, and human services policies and systems. States are also merging or restructuring state agencies to better collaborate across silos, streamline responsibilities, and improve accountability.
2. **States are adopting stakeholder-driven approaches to WIOA planning.** Some states are integrating the WIOA planning process into broader economic development planning, elevating stakeholder engagement to a core strategy. Other states continue to view WIOA planning as a compliance exercise that is more burdensome than it is valuable. While many states seek additional federal flexibility with WIOA planning, interviewees also shed light on opportunities to leverage the process to advance state goals by increasing community outreach.
3. **States are investing in workforce services to attract and retain businesses.** As of 2024, many states were investing in workforce development in high-growth sectors, with more than 1 in 4 states mentioning clean energy and semiconductor manufacturing, and 1 in 5 states discussing broadband infrastructure and healthcare. States are deploying similar strategies, such as providing incentives to businesses to hire individuals with barriers to employment, creating customized training programs, and developing tailored business services to help them navigate the workforce system.
4. **WIOA funding challenges are prompting states to seek alternative solutions.** Eligibility restrictions and unpredictable funding levels constitute key obstacles to reaching state workforce objectives. Some states are supplementing WIOA by braiding other funding sources, like federal education grants, state funds, or philanthropic dollars. Many rely on the Governor's Reserve Fund just to administer

programs, with more than two thirds using it to backfill administrative costs. Meanwhile, 54% of states are also using the Governor's Reserve Fund to seed innovative pilots. For example, Washington state tested a successful initiative using these funds–known as Economic Security for All–which provides coaching and financial assistance to individuals earning incomes just above the WIOA threshold. After four years of success, the program was signed into state law and funded through state appropriations.

5. **States are expanding training programs and supportive services to engage new workers.** More than 80% of Governors' advisors mentioned initiatives to strengthen the youth workforce pipeline, including by engaging students in youth apprenticeships. Others are focusing on growing the workforce by reaching populations with barriers to employment, including justice-involved individuals and Indigenous populations. Wraparound services are also becoming an increasing priority. More than 60% of advisors highlighted childcare as a key focus, more than half emphasize career navigation, and a third mention transportation and housing. To address this multifaceted challenge, some states are adopting a whole-of-government approach to workforce development.

State Policy Opportunities

Our research highlights several opportunities for states to strengthen the workforce by learning from their peers. States can improve governance, planning, industry engagement, funding, training programs, and support for workers by:

- **Re-examining governance structures** to identify reorganization opportunities that will promote collaboration and/or streamline policy implementation.
- **Designating a workforce advisor in the Governor's office** to prioritize workforce development policy and serve as a central coordinator with other agencies.
- **Aligning WIOA planning** with other strategic planning processes and stakeholder engagement efforts.
- **Using labor market data** to identify workforce trends and opportunities to increase labor force participation–and using this analysis to drive resourcing.
- **Building sector partnerships** and providing tailored workforce development support to businesses in critical industries.
- **Leveraging the Governor's Reserve Fund** to pilot innovative programs that address gaps in WIOA and advance the Governor's priorities.
- **Pooling WIOA Title I funding** to provide additional support to areas or populations in need of more resources.
- **Braiding federal education and state funding** sources to supplement WIOA formula funds.
- **Updating Eligible Training Provider List** requirements and evaluation metrics to promote quality pathways to economic opportunity.
- **Investing in training and wraparound services** like childcare, career coaching, and transportation to address barriers to employment.

Federal policy recommendations based on this study are also explored in an April 2025 Project on Workforce policy memo, "*Governors Reshaping Workforce Development: Federal Policy Recommendations.*"[3]

As Governors navigate a rapidly evolving labor market—shaped by demographic shifts, technological change, and new skill demands—these strategies can help them strengthen their workforce systems and drive economic growth.

Introduction

Governors are empowered with broad authority over state workforce systems. Under the federal Workforce Innovation and Opportunity Act (WIOA), they wield considerable influence over the disposition of the federal funds that flow into their states, from planning the use of resources to allocating those dollars to specific strategies and programs. They also have significant authority over the processes, structures, and stakeholders involved in workforce system governance and execution. As a result, state systems and strategies vary significantly.[4]

This paper examines how Governors are navigating complex state and federal landscapes to implement policies that support economic growth and workforce participation. Due to a variety of factors, labor force participation remains lower than it was before the COVID-19 pandemic and rates have declined since the Great Recession of 2008.[5] Unlike unemployment—which can often be addressed through job-matching and training—addressing low labor force participation requires interventions beyond WIOA's traditional scope. States are grappling with how to recruit and retain workers, especially by addressing barriers that keep individuals from entering or remaining in the workforce, such as a lack of childcare, transportation, or housing. This shift in workforce priorities has prompted a reassessment of policy approaches in some states.

To address labor shortages, Governors are experimenting with new approaches to workforce policy and programming. Interviews with Governors' advisors revealed the pressing workforce challenges Governors face, ranging from the burdens of lengthy and compliance-focused workforce planning processes to the limitations posed by rigid funding structures and rapid changes in industry demands. They also shed light on opportunities for progress. Advisors pointed to cross-sector collaboration as an essential approach to addressing workforce challenges–mentioning the strategy 123 times across interviews. They also mentioned restructuring workforce agencies, cultivating sector partnerships, and investing in the youth workforce pipeline.

This paper provides a comprehensive look at Governors' workforce development policy strategies. It begins by outlining Governors' key authorities under WIOA and describing the research methodology. It then explores five key policy trends across states and concludes with opportunities for Governors to consider as they work to improve their state systems and meet the needs of both employers and job seekers.

Legislative background

WIOA serves as the legislative backbone for federal investments in workforce development. Signed into law in 2014, it was designed to strengthen the workforce system, connect individuals to employment and training opportunities, and promote national economic competitiveness. Throughout the statute, Governors are provided unique authority over the structure of this system.

WIOA funding structures

WIOA has four main parts: Workforce Development Activities (Title I), Adult Education and Literacy (Title II), Wagner-Peyser Act (Title III), and the Rehabilitation Act of 1973 (Title IV). Title I authorizes the majority of funds that flow directly to states for the workforce activities highlighted in this paper, including through Youth Workforce Investment Activities and Adult and Dislocated Worker Employment and Training. The allocation of those funds is based on a formula that relies on key variables, including states' relative share of unemployed individuals.

The statute ensures that states do not receive less than 90% or more than 130% of their relative share of the prior year's funding, but WIOA's funding formula has resulted in some states facing consistent cuts to Title I funding since it was implemented in Program Year 2015. In contrast, other states have seen funding spikes up to 30% year-over-year. This formula, and the subsequent funding fluctuations, present several challenges for states, which we discuss later on.

The majority of Title I funds are allocated to local areas for training and employment services, but Governors can set aside 15% of the state allotment for their highest workforce development priorities. Very little is known about how Governors leverage these flexible dollars, known as the Governor's Reserve Fund; this is also a key focus of Finding 4.

Workforce planning and accountability

To receive federal funds, Governors are required to submit a plan to the U.S. Department of Labor every four program years outlining the goals for the state workforce system. They have the option to submit a Unified plan, which outlines the implementation of WIOA alone, or a Combined plan, which integrates planning for other federal programs. As we discuss later in the paper, states have an opportunity to align their WIOA plans with other strategic planning processes led or supported by the Governor's office.

One distinct policy lever available to Governors is the ability to shape the eligibility standards and metrics for training providers that receive WIOA dollars. To qualify for federal funding, providers must be admitted to, and maintain good standing on, the state's Eligible Training Provider List (ETPL). The ETPL is administered in partnership with local workforce development boards and is meant to provide oversight for training programs receiving WIOA funding.

The role of workforce development boards

Governors appoint the majority of the members of state workforce development boards, which play a crucial role in the administration of WIOA. Most of the board's membership—including its chairperson—must be representative of the business community, while the remainder must include a minimum of 20% workforce representation, including at least two members from organized labor, as well as representation from state agencies, the legislature, and the Governor's office.

In partnership with locally elected officials, states also designate local areas under WIOA to ensure the workforce system is aligned with regional labor markets and economic conditions. Each local area is governed by a local workforce development board, which manages the delivery of localized services, leveraging community resources to meet the needs of local job seekers and employers. Requirements for the composition of local boards mirror that of the state board, with a majority of members being business representatives and at least 20% of the board representing organized labor. Local boards receive funding via a formula directed by the state board and the Governor.

Complementary funding streams

WIOA is complemented by other federal laws and funding streams, including education funding, such as the Strengthening Career and Technical Education for the 21st Century Act (Perkins), which supports secondary and postsecondary career and technical education programs and activities. More recent federal initiatives enacted in response to the COVID-19 pandemic, such as the American Rescue Plan Act of 2021, provided states with flexible funds that could be used for workforce development activities. To a limited extent, industrial policy that became law in 2021 (including the Infrastructure Investment and Jobs Act, CHIPS and Science Act, and Inflation Reduction Act) also provide states with additional means to support workforce development in key sectors, including transportation, manufacturing, and clean energy.[6] In many states, workforce activities are also supplemented with state appropriations. While out of the scope of this report, state funds often play a large role in advancing state workforce development priorities.

Methodology

The findings in this paper are primarily based on semi-structured interviews of Governor-appointed workforce development policymakers in 34 states. The interviews were conducted between April and December 2024 and focused on the ways Governors are exercising their authority over their state workforce systems. We also conducted surveys of workforce staff in those states, and received responses from 17 of the 34 states. While the interviews consisted of open-ended questions about processes, strategies, and challenges, the surveys addressed more technical components of WIOA implementation, like training performance metrics and funding allocation. The interviews and survey responses were supplemented by desk research of publicly available sources.

83% of states contacted participated in interviews. The 34 states reflect a diverse cross-section of the nation; they are evenly distributed across political parties (including both the Governor's party and the state legislature's majority party) and geographical regions, and they include various population sizes.

The 17 states that participated in the survey also are evenly distributed across political parties, but they are less evenly distributed across geographical regions[7] and population size.[8]

Table 1: **Overview of state interview participants**

State descriptors	Categories	No. of states interviewed (total = 34)
Political distribution	Republican Governors	16
	Democratic Governors	18
	Republican-led Legislature	17
	Democratic-led Legislature	15
	Split Legislature	2
Population size	Over 7 million	13
	3 million–7 million	12
	Under 3 million	9
Regional distribution	Northeast	4
	South	11
	Midwest	7
	West	12

Table 2: **Overview of state survey participants**

State descriptors	Categories	No. of states surveyed (total = 17)
Political distribution	Republican Governors	8
	Democratic Governors	9
	Republican-led Legislature	10
	Democratic-led Legislature	7
Population size	Over 7 million	7
	3 million–7 million	3
	Under 3 million	7
Regional distribution	Northeast	1
	South	5
	Midwest	3
	West	8

Interview and survey topics

Each interview consisted of an hour-long video call, which included eight questions and follow-ups as needed. Each survey included six questions. See Appendix 1 for the list of interview questions and Appendix 2 for the list of survey questions.

To determine the interview and survey questions that would enable us to answer our research questions, we conducted several interviews with leaders in the field, including U.S. federal agency employees, Congressional staffers, state government advisors, academic experts, nonprofit and advocacy experts, and current/former workforce training practitioners. Our interviews helped us scope and refine the key questions for both the interviews and survey to ensure we were strategically addressing the highest leverage points for Governors and their advisors.

Interview and survey respondents

The state advisors were selected by the National Governors Association (NGA) based on the following criteria: workforce is a central focus of their portfolio; they play a role in WIOA Title I governance; and they were appointed by the Governor. Interviewees included senior policy advisors, commissioners, assistant secretaries, deputy secretaries, and other individuals in similar roles in workforce-focused offices, departments, or agencies. We acknowledge that findings based on the interviews are limited by the perspectives of the individuals with whom we spoke and the role they play, which vary considerably across states.[9] In some states, Governors' workforce advisors are directly involved in the operations of the state workforce development board. In others, they play a key role in implementing their state's new infrastructure programs under the Infrastructure Investment and Jobs and Act. In other states still, workforce advisors are situated on the periphery of those discussions. Nevertheless, we believe our findings provide useful insights into Governors' activities and priorities across the nation.

Table 3: **Overview of workforce expert interviewees**

Department/Agency	Count
Executive (Governor's) office	24
Department of Labor / Workforce	19
Department of Commerce	3

After interviews were completed, our team emailed each interviewee the survey. To ensure we would receive the most comprehensive response, we instructed interviewees that they could complete the survey with the input of any of their colleagues. We did not collect information about the survey respondent beyond the state that employed them.

Qualitative analysis

All interview transcripts were deidentified to reduce bias in analysis and coded using an open, inductive approach. Our team developed and tested a list of codes by analyzing responses to questions two and six of the interview script first, because those questions are broadest in scope and elicited responses that touched a variety of themes and workforce topics. At least two researchers independently reviewed and coded the responses so that any discrepancies in analysis could be discussed and resolved through consensus.

We employed axial coding by grouping codes into broader categories based on recurring themes and patterns. This formed the basis of the codebook, which was used to code the full transcripts. The process was iterative and the research team met at least once a week to discuss additions to the codebook and resolve any discrepancies. Finally, the research team met for a full-day white boarding session to identify the central themes that unified the axial coding categories. We grouped our data according to the central themes and refined them as necessary. The survey data questions aligned with our central themes and were integrated into the analysis accordingly.

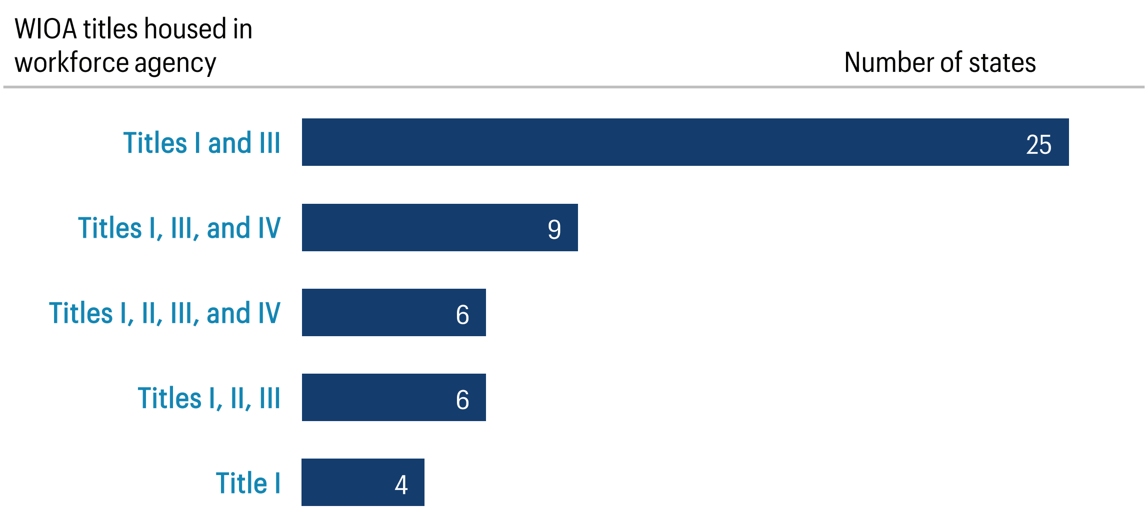
Finding 1:
State workforce governance structures are shifting

More than half of states mentioned that organizational structure has a significant impact on how they address workforce challenges and implement programs. Many Governors are working to change the roles of agencies and offices in distributing funding and developing workforce programs. Those changes appear to most frequently occur as new administrations take office and evaluate existing processes, but the recent influx of industrial policy funds also appears to be driving change in governance roles, as states recognize that current divisions make resource allocation and oversight difficult. Many states are just beginning to explore where workforce development policymaking sits in their state and how that impacts workforce operations and outcomes.

50%+ of states noted that organizational structure has a significant impact on how they address workforce challenges

The existing diversity of state governance structures is evident in the varied distribution of WIOA title[10] management across state workforce agencies. Figure 1 outlines the responsibilities of workforce agencies across states, with respect to WIOA. While some states house all WIOA titles (and funding streams) in their workforce agencies, there is a significant diversity of structures and funding mechanisms across states. Therefore, the responsibilities and authorities of workforce agencies differ. Most commonly, states house Title I (Adult, Youth and Dislocated Workers) and III (Wagner-Peyser) in one workforce agency and Titles II (Adult and Basic Education) and IV (Vocational Rehabilitation) elsewhere in state government, like the state's Department of Education.

Figure 1: **State workforce agency WIOA responsibilities**



Source: Compiled from "WIOA State Plan Portal," WIOA Plans, accessed March 5, 2025, https://wioaplans.ed.gov/

Our interviews revealed that several states have undertaken efforts to reorganize their workforce systems to ensure their workforce agencies' responsibilities are well-defined and integrated with other policy areas. Three major trends emerged:

1. **Many states are elevating workforce policymaking under the Office of the Governor.**
2. **Some Governors are merging workforce agencies with other state entities, like departments of education or commerce.**
3. **A few states are realigning roles and responsibilities within workforce agencies.**

Some states combined multiple approaches to reorganizing their workforce systems. For example, one state moved career and technical education and the economic development commission under a newly created workforce office and revised the scope of the workforce office by removing certain responsibilities and creating new offices for issue areas like unemployment services. While the interviews do not provide conclusive evidence regarding which organizational structures work best in administering workforce development services, the three trends highlight shifting state priorities, governance challenges, and key opportunities for transformation.

Elevating workforce under the office of the Governor

Over the last few years, multiple Governors have centralized workforce development policymaking within their Executive Office. Leaders are recognizing that workforce development touches virtually every agency, and creating an office or advisory body that is located in their office creates a central coordinating function for workforce policy that can facilitate connections with other policy areas, from housing to transportation. Advisors noted that making such a shift elevated workforce development policy as a priority and

Alabama

Strategy: Elevating workforce under the Office of the Governor

Creating the Governor's Office of Education and Workforce Transformation

Alabama Governor Kay Ivey established the Governor's Office of Education and Workforce Transformation (GOEWT) in 2018 to align the state's education, workforce, and human services systems under the Office of the Governor. Housed within the Governor's office, the GOEWT was created without legislative or executive action.

Core goals of the Governor's Office of Education and Workforce Transformation include increasing labor force participation, surpassing post-secondary attainment goals, and creating career pathways for high-demand career clusters. In support of this mission, the GOEWT was assigned three actionable objectives:

1. Braid Alabama's federal education and workforce development funding streams to support an education-to-workforce pipeline
2. Create and manage the Alabama Terminal for Linking and Analyzing Statistics (ATLAS) on Career Pathways as Alabama's state longitudinal database system
3. Create the Alabama Office of Apprenticeship

Since its creation in 2018, the GOEWT has seen the establishment of the Alabama Office of Apprenticeship and Alabama Committee on Credentialing and Career Pathways (ACCCP) to connect education and training programs to labor market demand. The office has also led the coordinated development of Alabama's 2020 and 2024 Combined WIOA State Plans, and served as a champion for obtaining competitive federal grant funding for education and workforce programs. As a result of such efforts, Alabama's education and workforce systems received federal grant funding totaling $27.7 million.

empowered the Governor to implement their vision for workforce development more effectively. One advisor noted that it also enables workforce staff to participate in critical budget decisions. The Alabama Governor's Office of Education and Workforce Transformation provides an example.

Merging workforce agencies with other state offices

Several advisors described challenges aligning workforce development and education systems. They acknowledged the importance of coordinating education and workforce policies to meet economic goals, but lamented that education systems are historically slow to change. This makes it difficult for states to meet employer needs, which can change often, quickly, and sharply. Consequently, some advisors discussed efforts to work with the state legislature to merge education and workforce into one state department.

Another state discussed the challenges in aligning workforce initiatives with agencies focused on commerce and business development. In that state, the goal of merging agencies was to integrate workforce development with business engagement more effectively: "Our existing business resource division that was formerly within our Economic Development Commission is now being transferred within workforce connections to...better integrate every aspect of our workforce development."

Realigning roles within workforce agencies

A smaller share of Governors have prioritized restructuring existing workforce agencies to improve accountability. One Governor's advisor described legislation that would create a new cabinet-level position to oversee workforce development. Under that plan, a workforce secretary would be a designated point of oversight on workforce issues, reducing the burden on the

Arkansas

Strategy: Realigning roles within workforce agencies

Reorganizing the Division of Workforce Services

In 2024, Arkansas Governor Sarah Huckabee Sanders restructured the Arkansas Division of Workforce Services (DWS) into three separate divisions. The reorganization aimed to improve collaboration between relevant teams and prevent redundancies in the Arkansas workforce development system by clearly defining the role of each entity supporting workforce services. The three new divisions are Reemployment, Workforce Policy and Innovation, and Arkansas Workforce Connections. Reemployment is responsible for administering unemployment insurance, while Workforce Policy and Innovation oversees overarching goals for the workforce system such as increasing Arkansas' labor force participation. Workforce Policy and Innovation also houses Arkansas' labor market information and Bureau of Labor Statistics programs.

Arkansas Workforce Connections serves as the center of the state's workforce development efforts, charged with coordinating and executing state and federal workforce development programs, including WIOA, previously housed throughout multiple locations in the Department of Commerce. Functions of this Division include connecting with local workforce development boards, and providing one point of contact for business engagement and employer services. Arkansas Workforce Connections contains the Office of Skills Development, Employment and Training, Adult Education (WIOA Title II), Arkansas Rehabilitation Services (WIOA Title IV), Services for the Blind (WIOA Title IV).

Governor's office and encouraging a more vertical organizational structure. This shift, according to the advisor, would filter information and recommendations before they reached the Governor. Arkansas provides an example of this strategy.

Despite attempts to facilitate better alignment through state reorganization, several advisors noted that existing funding structures reinforce a siloed system. Funding is often separated to help provide visibility and accountability into how public funds are used.[11] Federal funding, such as ARPA or IRA funds, tends to become siloed among state agencies as they grapple with regulatory compliance and accurate accounting of available resources.[12] As a result, progress on complex issues like workforce development, which cuts across many agencies, can be constrained by limited flexibility and transferability in funds.[13]

One advisor recounted how they were brought on to oversee both the workforce and economic development portfolios–which previously had two separate staff overseeing them. This change was designed to facilitate alignment between the issue areas, but the advisor was still required to bill hours separately because funding for economic development and workforce development came from different sources. Small bureaucratic details like these complicate the merging of the two portfolios.

> *"It's not even about not wanting to work together, sometimes there are processes and procedures, even in WIOA that keeps agencies and organizations from working with each other because it's almost like competing funds. I think it is a huge barrier."*
>
> Governor's Advisor

Finding 2:
States are adopting stakeholder-driven approaches to WIOA planning

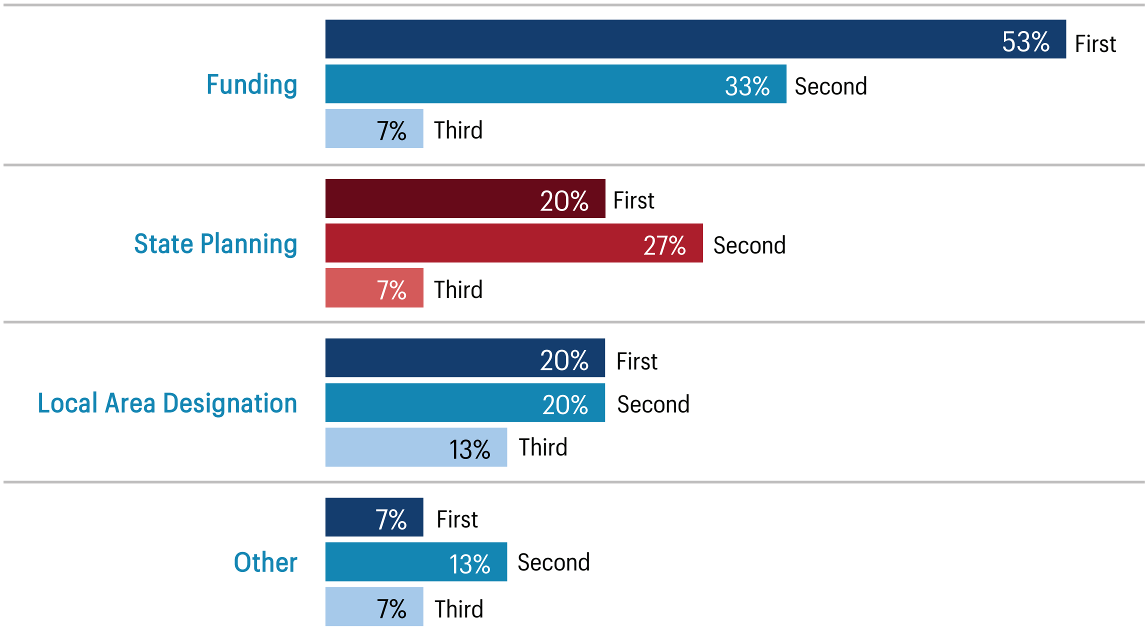
Strategic planning plays a significant role in shaping states' workforce development goals and strategies. In interviews, Governors' advisors discussed various approaches to integrating WIOA planning into their broader state strategy. While some states view WIOA planning as a burdensome, compliance-focused process, others have begun to use it as a strategic tool to advance state workforce goals.

Throughout the interviews, differences emerged in states' approaches to integrating WIOA planning into broader state workforce strategies. Advisors mentioned that the WIOA planning process is time consuming and resource intensive; it can take states more than a year to complete. Some advisors expressed frustration that the plans are both long–often 200-500 pages [14]– and at the same time, too narrowly focused. This makes the plans both inaccessible to the public, while also failing to take into account the state's broader workforce efforts. Consequently, one advisor shared that they are required to create a separate workforce plan that is intentionally independent of the WIOA plan. It includes workforce policies and programs beyond the WIOA system, with the purpose of defining the state's customers, strategy, and goals.

In a survey of Governors' advisors, states ranked planning as a top area where they desired additional flexibility under WIOA (see Figure 2).[15] Advisors emphasized the need for plans to be shaped by state workforce priorities rather than

Figure 2: **Ranked preference for additional flexibility under WIOA**

Percent of (15) states surveyed ranking topic areas accordingly



dictated by federal requirements. Respondents generally agreed that the mandated two-year updates and four-year rewrite of the WIOA plan primarily serve federal interests, raising concerns that the process prioritizes compliance over strategic planning. As one advisor noted, "The process feels like it is designed around compliance to the federal government rather than facilitating the development of a strategy document that creates more transparency for the public."

While states expressed different preferences as to how they might leverage additional flexibility under WIOA, advisors consistently pointed to a desire for greater control over stakeholder involvement and the ability to exercise more discretion over timelines. Such changes would, in their view, help ensure states' top priorities were truly reflected within broader WIOA planning.

Engaging Community Stakeholders

Despite these challenges, some states are shifting their approach to WIOA planning from a perfunctory activity to a strategic opportunity to develop state goals and plans. Governors' advisors from three states shared that this was one of the most significant shifts their state had made in designing workforce strategy over the last few years.

"[We] really had a participatory WIOA state planning process, which historically had been a check the box kind of function. We engaged 400 plus people statewide. We had meetings and underrepresented populations at the table to talk about what worked. A pretty dramatic shift for us was [from] looking at these WIOA requirements as, you know, federal bureaucracy and saying, actually, these could be meaningful tools for us to use to bring all the players to the table and to really set goals that reflect what our state actually needs."

Governor's Advisor

Advisors emphasized engaging relevant and diverse stakeholders as a strategy to strengthen WIOA planning efforts. One state increased stakeholder diversity and participation by rotating meeting locations across the state's economic development regions, instead of holding them exclusively in the state capital. Since adopting this approach two years ago, meetings have occurred in various locations every other month. Each meeting begins with an hour of informal networking to foster relationship-building. In another state, a new law established regional talent summits, bringing together local stakeholders to develop tactical plans addressing workforce challenges in key industries.

This emphasis on new stakeholder engagement strategies was reinforced in survey responses. When asked how their Governor might use additional flexibility under WIOA, nearly a quarter of state respondents expressed a desire for a state planning process that allows for increased stakeholder collaboration. One advisor highlighted their desire to partner with industry associations and labor organizations through community advisory councils to provide input on the state plan. Another emphasized the importance of incorporating feedback from all state agencies involved in workforce development services and activities. Across the responses, there was an acknowledgement that WIOA planning efforts are more effective when they engage a range of stakeholders.

Maine

Strategy: Designing a collaborative planning process

Developing the 2019–2029 Economic Development Strategy

Governor Janet Mills released the 10-year Maine Economic Development Strategy in 2019, providing a framework for collaboration among public, private, non-profit, and education entities to diversify and grow Maine's economy. The collaborative planning effort was led by the Maine Department of Economic and Community Development (DECD) and the State Workforce Board (SWB)/Maine Department of Labor (DOL), with a steering committee including representatives of the Governor's office and private industry, as well as a larger working group composed of additional representatives of education, labor, business, and state and local government. DECD and the SWB also coordinated throughout the planning process to ensure that the SWB's Strategic Workforce Plan aligned with the state's economic development objectives.

The content of the Economic Development Strategy centers on three goals: increasing the average annual wage by 10%, increasing productivity by 10%, and attracting 75,000 additional workers to the labor force. Shortly after the 2019 launch of the Economic Development Strategy, Maine received nearly $1 billion in federal funding from the American Rescue Plan Act (ARPA). Of this funding, $400 million was used to fund implementation of the Economic Development Strategy, including programs for workforce, innovation, green energy, broadband, and infrastructure.

By 2024, following significant investment through ARPA, Maine's annual wage and productivity rates exceeded the 10% growth target. As a result, Governor Mills released The 2024 Reset, an update to the plan outlining next steps and an additional 57 actions for implementation. The 2024 Reset was developed by the DECD, State Workforce Board, MDOL, and additional partners including 10-Year Plan Executive Steering Committee and Maine Economic Growth Council to concentrate stakeholder feedback into additional, actionable next steps.

Governors' advisors described several examples of how this stakeholder-driven approach to WIOA planning helped shape state priorities. One advisor noted that the process of engaging constituents in WIOA planning revealed the need to shift their focus from the state's unemployment rate to the state's labor force participation rate. Another state discussed how the WIOA planning process led the state to outline all of its core and combined partner workforce programming, which revealed challenges in referrals and handoffs between systems and titles. That process led the state to identify case management as one of its top priorities.

Other approaches to integrating WIOA planning into state strategy development include empowering state workforce boards to set a broad vision for workforce partners, and creating tailored metrics for the WIOA plans that address state needs and drive state goals. One advisor discussed how siloed planning resulted in different departments not knowing which resources they could pool to meet broader workforce goals. In response, the state legislature passed a bill requiring relevant agencies to create regional talent plans that build on WIOA, Perkins, and other plans so that local regions can "take better advantage of resources that already exist in (their) community." In the 2024 - 2027 planning cycle, as of March 2025, ten states submitted combined WIOA-Perkins plans, as allowed by the law.[16]

Indiana

Strategy: Aligning WIOA planning with state strategy development

Governor's Workforce Cabinet recommendations to the Governor and Indiana General Assembly

The Indiana Governor's Workforce Cabinet (GWC) issued their "Recommendations to Tackle Employer Talent Challenges and Accelerate the State's Economy" to Indiana Governor Eric Holcomb and the Indiana General Assembly in November of 2022. The recommendations provided administrative and legislative suggestions for the state workforce system ahead of the 2023 legislative session. The recommendations were developed by the GWC board members, through a series of six working groups over the course of many months. GWC board members also worked with industry to engage with subject matter experts, review existing programs, and consider program outcomes and national best practices.

The recommendations made by the GWC are classified under three pillars: helping employers find skilled workers, removing barriers to employment for potential workers, and preparing future skilled workers. Following the release of the recommendations in 2022, these same pillars were used as the driving vision behind Indiana's PY2024 - 2027 WIOA State Plan. With the state plan being informed by the recommendations of the Governor's Workforce Cabinet, a framework was provided to support regional and local boards in their planning efforts, which allows them to organize their plans around the same three pillars. Local workforce boards were also engaged to craft a survey issued to employers, training providers, and education partners for input in the state and local WIOA plans, allowing for strategic alignment between state and local strategic planning alongside the mandated WIOA planning process.

Finding 3:

States are leveraging workforce development services to attract and retain businesses in key sectors

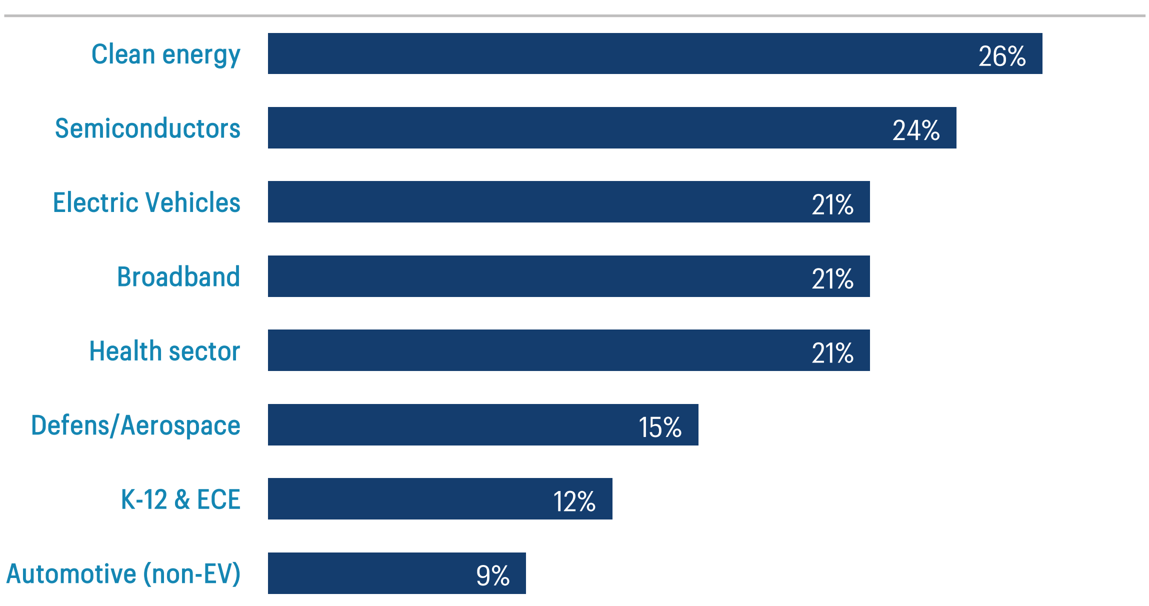
State advisors emphasized partnering with industry as a core component of their state workforce strategy. Governors are working closely with industry sectors such as technology, manufacturing, energy, construction, health, and education to address labor shortages and drive economic growth through targeted investments. In addition to sector-specific initiatives, many states are developing business outreach and services to strengthen their relationships with employers, streamline workforce program access, and create customized training opportunities. Those efforts offer promising opportunities to align industry needs with workforce development. Yet, challenges remain in balancing the needs of both businesses and job seekers.

Sector-specific investments and partnerships

States highlighted innovative workforce programs and strategies across six key sectors: technology,[17] manufacturing, clean energy, construction, health, and education. To address labor shortages in those areas, states are implementing targeted initiatives such as new training programs, apprenticeships, and partnerships with industry stakeholders. The interviews, alongside relevant research literature, suggest that focusing workforce development efforts on sector partnerships is emerging as a best practice,[18] as states seek to address workforce shortages while aligning resources with economic priorities.

Figure 3: **Sectors of focus discussed by states**

Percent of (34) states interviewed



One of the questions in our interviews focused on workforce development in the context of federal industrial policy investments, including the Infrastructure Investment and Jobs Act, CHIPS and Science Act, and the Inflation Reduction Act. The relationship between federal funding and state workforce priorities is further explored in our October 2024 report, *"Workforce Strategies for New Industrial Policies: Governors' Emerging Solutions."* [19]

Several advisors discussed an employer-focused approach to workforce development in which the employer provides skills training. For example, one state implemented a program that reimburses employers for the cost of skilling current or prospective employees with advanced tech-focused training. Similarly, another state supplements CHIPS Act funding with significant state grants to semiconductor firms to retrain their workforce in high-volume manufacturing techniques.

Industry outreach and business services

Advisors mentioned varied approaches to industry engagement, from business attraction efforts to tailored talent services.

Figure 4: **Opportunities for business engagement**

- Attracting businesses
- Establishing consistent methods for communication
- Creating tailored training opportunities
- Identifying and placing talent
- Creating incentives for continued partnership

Attracting businesses through workforce development services. A recurring theme among states was a focus on attracting business investment to support economic development. Several advisors highlighted efforts to bring new businesses into their states by connecting industry leaders with a variety of state resources, including workforce services. By aligning workforce initiatives with economic priorities, states aim to promote regional growth and connect residents to good jobs.[20] For example, one state sets quarterly targets for business visits to drive job growth, with a focus on companies planning to expand or relocate. Those visits connect business owners with government officials, local colleges, workforce training providers, and economic development organizations. Michigan provides an example for this strategy.

Establishing consistent communication. Some research suggests that strong industry partnerships rely on effective communication.[21] To streamline employer access to training services and help employers navigate complicated regulatory processes, one state implemented a "trusted partner" model. Businesses select a central point of contact–such as a local workforce development board, a local industry association, or community college–as their trusted partner. This partner then directs businesses to relevant government services, helping them manage interactions with various departments and agencies related to their business needs. This model helps to foster long-term partnerships between the state government and local businesses.

Creating tailored training opportunities. Businesses and government entities in many states are working together to create training programs that help meet employers' needs. One state discussed creating proprietary pre-employment training and assessments with a large employer. The advisor mentioned that the program helped the company ramp up hiring quickly–a win-win for state residents and the company. Another state offers a refundable tax credit to entities that provide workforce training, including businesses, to offset 50% of the cost of facilities or equipment for training in high-demand sectors like construction, clean energy, and advanced manufacturing. See Finding 5 for a more detailed discussion on training.

Identifying and placing talent. States are also playing a key role in helping connect businesses with trained workers. One advisor described business services such as assistance with candidate identification, vetting, and placement, as well as federal reporting and accommodations for candidates with special needs. Governor's Reserve Funds were used to collaborate with another company on workshops for job seekers, including support on job applications, practice interviews, and transportation funding. At the offer stage, the state partnered with the company to develop a manufacturing readiness training program to help workers succeed in their new job. See Finding 4 for additional analysis of the Governor's Reserve Funds.

Creating incentives for continued partnership. Sustaining partnerships between employers and the state is critical for continued workforce alignment, but advisors noted that this can be a challenge.[22] One advisor mentioned that some employers apply for grants but otherwise do not utilize business services that the state offers like job posting and recruitment support. To sustain industry engagement, the state offers a small financial incentive. Employers who applied for job training program funds are encouraged to use at least three additional state business services. If they do so, the employer receives a modest increase in their training reimbursement. As the advisor noted, relative to a newly funded program, law, or rule, this method was a much quicker, cheaper, and easier way "to get in front of every one of those businesses and say, 'you should use our services,'" and thus sustain and grow a relationship.

Michigan

Strategy: Investing in workforce services to attract and retain businesses

Bringing business into the state through the Michigan Economic Development Corporation

The Michigan Economic Development Corporation (MEDC) is a public-private agency that acts as the state marketing and business development arm. To incentivize businesses to move to and expand in the state, MEDC utilizes a Talent Action Team (TAT) model for strategic, public-private partnerships designed to drive talent development and workforce success for high-impact projects across Michigan. By integrating local Michigan Works! Agencies, community colleges, universities, and employers, the TAT model ensures that talent pipelines are aligned with industry needs to achieve key milestones and ensure project success.

How the Talent Action Team Pipeline Project Model works:

- **Michigan Works! Agencies** – Act as regional conveners, connecting job seekers, employers, and training providers to ensure workforce readiness.
- **Community College Partners** – Develop customized curriculum and credentialing programs, tailored to project-specific skill demands.
- **University Partners** – Support graduate recruitment, research collaborations, and advanced training initiatives to enhance workforce capabilities.
- **Employers** – Engage directly in talent attraction, upskilling programs, and workforce integration efforts, ensuring seamless hiring and long-term success.
- **MEDC Talent Action Team** – Support talent attraction, upskilling, and workforce programs through program management and gap funding, ensuring program success and long-term sustainability.

The Talent Action Team works collaboratively to build and sustain Michigan's talent pipeline, ensuring that businesses have access to a skilled, job-ready workforce while providing high-quality career opportunities for Michigan residents.

To date, companies which have utilized this model include Ford, Ultium Cells, LG Energy Solutions, SAAB, Corning, Hemlock Semiconductor and Daimler Truck.

Balancing the needs of businesses and individuals

Interviews revealed that states are increasingly focused on "dual customers:" businesses and jobseekers. Advisors representing nearly 75% of the states we interviewed emphasized workforce development strategies that deliver benefits to both parties, serving individuals with barriers to employment while also meeting the needs of employers in key sectors. States shared examples, from industry partnerships for career training to developing community college curricula that aligns with industry demands.

Nearly **75%** of states discussed workforce strategies that serve both businesses and jobseekers

Three states noted that balancing employer demand with job quality can be a challenge. Too often, the positions employers were seeking to fill offered disappointingly low compensation and limited opportunity for meaningful advancement. As a result, there was high voluntary turnover, undermining their states' objectives. Advisors also described challenges getting stakeholders to agree on the quantifiable measurements that serve as a basis for defining job quality.

One state attracts businesses while improving job quality using tax incentives. In this state, an employer can receive a tax credit up to 15% of the cost of qualifying machinery and equipment if the employer can prove a 5% increase in average wages for their workers or a 5% improvement in workplace safety for their workers. Another state codified a requirement that funding for training only be provided for jobs that demonstrate a pathway for wage growth. The advisor noted that the ability to attract new businesses underlies the success of this policy. Although they have lost some business to states with different job quality standards, they have gained just as many employers as they lost while ensuring their residents have good opportunities. The advisor noted:

> *"...the Governor firmly believes that it is not just about jobs, it is about quality jobs and jobs that provide family-sustaining wages."*
>
> Governor's Advisor

Finding 4: **States are addressing WIOA funding limitations through creative solutions**

Funding restrictions shape how states implement workforce development strategies. Advisors expressed frustration with limits on WIOA funding, such as eligibility requirements and allowable uses that restrict flexibility to serve diverse populations or support innovative programs. Administrative costs further strain resources, particularly in smaller states with lower WIOA allocations. While some states have sought to supplement WIOA funds with other federal, state, and philanthropic sources, many still struggle to meet workforce needs.

The Governor's Reserve Fund offers some flexibility. Unfortunately, funding shortages often force states to prioritize operational costs over new initiatives. As states navigate these financial constraints, they continue to explore creative solutions to sustain and expand workforce programs.

WIOA funding challenges

States identified several challenges associated with eligibility restrictions on WIOA funding for specific populations. Although WIOA offers authority for Governors to set the vision for workforce development in their states,[23] several advisors commented on restrictions that limit how WIOA dollars can be used. One advisor noted, "A downstream impact of some of the funding limitations is it hurts the individuals that we're trying to serve… you really are not able to get to that group with the immediacy that you had hoped." Six states specifically highlighted eligibility restrictions around who states can and cannot serve as a key challenge to meeting their goals.

For example, one advisor discussed the difficulty in funding education programs for justice-involved youth. The WIOA definition of "at-risk youth" precludes funding from being directed to juvenile detention centers and group human services homes if the youth are participating in education, but those programs are often in need of resources. Another advisor emphasized that WIOA restrictions can also hinder efforts to address technological workforce shifts. As industries undergo rapid technological change, workers often require reskilling and upskilling programs. Unfortunately those programs often fall outside the scope of WIOA's target populations, preventing the use of WIOA funds for otherwise effective activities.

States also highlighted limitations on the allowable uses of WIOA funds as a barrier to supporting key workforce activities. For example, there are limited WIOA funds for marketing, which makes it difficult to raise awareness of available programs without making additional investments. To address this challenge, several advisors mentioned that they plan to use alternative funding sources to promote new workforce initiatives.

WIOA also falls short in addressing "first and last dollar needs," such as essential equipment or supportive services for individuals to access programs. For example, WIOA funds cannot support an individual at risk of losing a car and thus, transport to work. This is a critical gap; research shows that owning a car increases the likelihood of work.[24] Similarly, individuals who are unemployed or not in the labor force are significantly less likely to have access to supportive services.[25] Transportation, along with childcare and other essential services, remains a major structural barrier to workforce participation.[26]

Only one of the 17 states surveyed is taking advantage of alternative funding formulas under WIOA. Alternative formulas allow Governors to direct more WIOA funds towards areas with higher poverty or unemployment rates than the standard

WIOA allocations. They may not directly resolve challenges because they still draw from the limited pot of funds states receive under WIOA. However, they serve as a policy tool to target resources toward populations with the greatest needs—an issue many interviewees identified as an ongoing challenge under WIOA. However, our survey suggests that very few states take advantage of this policy. The one state in our survey sample that uses alternative funding formulas directs funds to reward local area performance.

Low funding levels can also impede states' efforts to fund innovative programs because they are forced to spend their limited resources on system and administrative costs. Workforce development systems and activities in some states are nearly entirely dependent on WIOA funding to operate. Fluctuations in WIOA funding due to formula allocations have limited states' ability to use funds outside of operational expenditures, such as facilities and staff. This is particularly challenging for smaller states, which receive smaller allocations to support the same infrastructure required by their larger counterparts. Vermont, for example, received approximately $5.4 million for WIOA Title I programs in PY 2023, compared to the $248.7 million received by the state of New York for the same program year.[27] The cost of administrative upkeep, such as building and maintaining a case management system, will have a disproportionate burden on the budgets of states with smaller WIOA allocations.

States with low unemployment rates also face decreases in WIOA funding. Unemployment is a key metric in the WIOA funding formula–and unemployment levels are currently at low absolute levels across the country. Several states reached historically low rates in 2023 and 2024.[28] They are increasingly facing a new challenge: low labor force participation rates, which is not factored into the allocation of WIOA funds. In interviews, several Governors' advisors explained that their state is being forced to deploy their resources to redress low labor force participation rates.

To meet these challenges, some states are supplementing WIOA funding with other sources, including other federal dollars, state appropriations, and philanthropic support. In some states, agencies are organized around WIOA funding requirements, leaving limited flexibility to braid in additional federal dollars. However, states recognize they must fill the gaps left by WIOA. While this paper does not directly address the use of state appropriations, several states pointed to state legislation and subsequent state funds as key levers to supplement WIOA funding.

Governor's Reserve Fund

A central topic in our interviews was the use of the 15% set aside fund from the Title I Youth, Adult, and Dislocated Worker program allocation, referred to as the Governor's Reserve Fund. The Governor's Reserve Fund is designed to provide additional flexibility for Governors to invest in their top workforce development policy priorities. While it represents a relatively small pot of funding compared to all WIOA dollars, the Governor's Reserve Funds were the focus of one of our eight interview questions, due to the limited literature on the subject. To build public knowledge and help states learn from others' promising approaches, this section outlines pathways for coordinating the use of these dollars by states, the challenges they face, and examples of how the money can be leveraged.

In some states, the Governor's Office coordinates the allocation of funds in collaboration with workforce administrators, while in other states, the Governor delegates this responsibility to the state Department of Labor or Workforce. In many cases, the state Department of Labor or Workforce is responsible for developing initial recommendations for fund allocation, which then undergo review and discussion with budget officials and the Governor's Office before final approval. Several advisors mentioned in interviews that, although the Governor's Office generally reviews and approves these recommendations, workforce administrators are frequently recognized as subject matter experts, providing critical consultation throughout the funding process. Two states noted that their Governor's Offices have historically taken a hands-off approach to allocating Governor's Reserve Funds, deferring the responsibility entirely to the state workforce agency or local workforce boards. Because the Governor's Reserve is relatively small and primarily used to "plug funding holes" in regional workforce programs, the Governors' Offices of both states saw little need for direct involvement. However, several advisors expressed interest in more closely examining the Governor's Reserve Fund allocation process to better understand those dynamics, suggesting a potential shift toward greater involvement and oversight.

States primarily use the 15% set aside for administrative and operational costs, Title I programming, and innovative programs aligned with the Governor's priorities.[29]

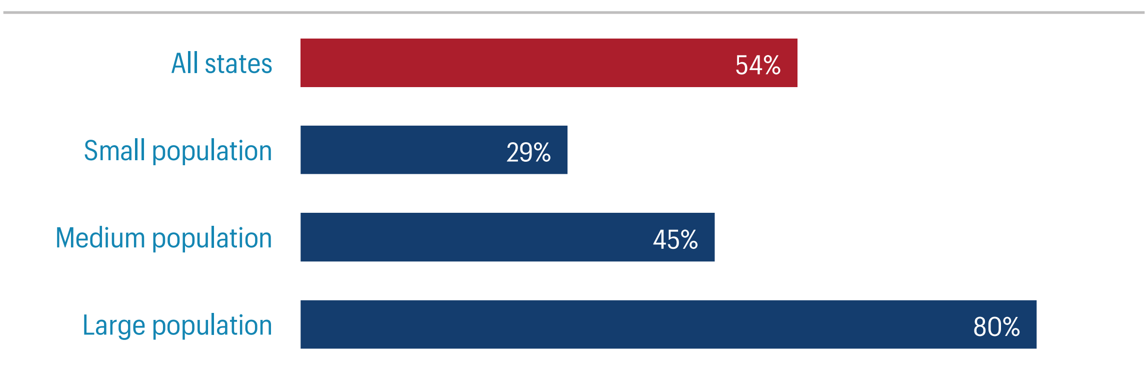
WIOA outlines a set of required uses for the Governor's Reserve Funds such as evaluation and data system management.[30] The law also outlines allowable uses, noting that up to 5% of the set aside may be used for administrative activities.[31] More than two-thirds (68%)[32] of states interviewed described using their Governor's Reserve Funds for administrative and operational needs. While some states specified that the funds were used for activities such as evaluation, planning, and data systems, others did not provide details. A quarter of states interviewed also described using their Governor's Reserve Funds to fund Title I programming such as computer skills and English language courses and job search support. In those cases, states often acknowledged that the funds were being used for necessary services, but they wished to use them more innovatively.

More than half (54%) of states reported using the Governor's Reserve Funds to strategically or innovatively advance state priorities. In those cases, advisors noted that the funds were intentionally set aside to test new ideas or scale high-priority programs. Examples include expanding apprenticeship programs in high-demand industries such as advanced manufacturing and technology, funding child care assistance to improve workforce participation rates, and providing employment placement assistance for formerly incarcerated individuals.

Figure 5 categorizes states by population size,[33] which generally correlates with WIOA allotments (i.e. states with larger populations receive more WIOA dollars than states with smaller populations). States with smaller populations are much less likely to allocate Governor's Reserve Funds for innovative uses than larger states. Interviews revealed that states with smaller WIOA allocations face unique funding constraints. All but one small state noted that their Governor's Reserve Funds were at least

Figure 5: **Percent of states that use Governor's Reserve Funds for innovation**

Percent of (28) states interviewed



partially used to address unmet administrative costs or required WIOA expenditures, leaving little to no resources for creative, flexible funding. As one advisor remarked,

> *"The set aside funds have statutory requirements that you have to fulfill, and once we get done fulfilling those, there's no money left. Our grant isn't large enough."*
>
> Governor's Advisor

Despite these limitations, many advisors expressed the need for their state to review existing processes and expenditures, signaling interest in more creative uses in the future. Washington and Tennessee exemplify how states have strategically leveraged their Governor's Reserve Funds.

Washington

Strategy: Utilizing Governor's Reserve Funds for Innovative Programs

Expanding Workforce Access with Economic Security for All

In Washington, under former Governor Jay Inslee, Governor's Reserve Funds have been used to pilot innovative workforce development programs. This allows the state to test and demonstrate the effectiveness of new programs which may be funded and expanded through state appropriations in the future. One example of this is Economic Security for All, which was funded through the Governor's Reserve Funds for four years until receiving state funding in 2022.[36]

The program extends essential job coaching, support services, and financial assistance to individuals with barriers to employment. While WIOA funding provides support for individuals with household incomes of up to 200% of the federal poverty level, Washington's high minimum wage can push individuals just above the federal eligibility threshold, leaving them without necessary aid. Economic Security for All fills this gap by distributing grants through the state's 12 local workforce development boards to individuals to provide continued support beyond job placement, ensuring that individuals can achieve and maintain economic stability.

The program has demonstrated strong results, with Social Policy Research Associates reporting a 71% increase in median quarterly wages for participants after completing Economic Security for All.[37] At the time of its codification into law, Economic Security for All had served 2,732 job seekers, with an average annual wage at exit of $47,000 and a 70% placement rate into unsubsidized employment.[38]

Tennessee

Strategy: Utilizing Governor's Reserve Funds for Innovative Programs

Addressing Barriers to Employment with Flexible Dollars

In Tennessee, the Governor's Reserve Fund has been put towards initiatives to incentivize hiring underserved populations and to award Consolidated Business Grants to support employers hiring individuals with significant barriers to employment.

One initiative uses reserve funds to provide incentives for large employers, such as Ford and Nissan, to hire individuals who may otherwise be overlooked in competitive labor markets. The state encourages companies to hire individuals with employment barriers by offering financial support for on-the-job training (OJT) and skill development. A notable example is the state's partnership with Nissan, which had established Nissan Centers of Excellence in three rural high schools to provide students with career training opportunities. By using reserve funds, the state expanded this model to additional high schools.

Consolidated Business Grants help businesses cover training costs and offer wraparound support services for employees facing employment challenges, such as individuals transitioning from incarceration or lacking stable housing. The grant allocation process begins with a pre-application, allowing the state to assess funding demand and prioritize small to medium-sized businesses that may lack capacity and resources. Partnerships with local workforce boards, the Tennessee Department of Economic and Community Development, and the Tennessee Board of Regents help tailor training curricula and instructional support. The state also leverages relationships with local chambers of commerce and business organizations to promote the grants and encourage participation. These grants fund customized training, incumbent worker programs, and OJT opportunities, ensuring businesses have the resources to hire and support workers in need. In addition to Governor's Reserve Funds, the state supplements the program with WIOA incumbent worker and OJT funds, and more recently, state apprenticeship funding to support program startups.

The state also uses reserve funds to evaluate its workforce system through external assessments of American Job Centers, ensuring continuous improvement and directing funds to high-impact programs. Ongoing evaluations aim to align future investments with high-need, high-demand sectors, contributing to economic development projects that have created thousands of new jobs across the state.

Leveraging other Federal funding sources

Some states are leveraging opportunities to braid WIOA dollars with federal education funds. Congress appropriates approximately $1.4 billion annually in Strengthening Career and Technical Education for the 21st Century Act (Perkins) state formula grants, $20.5 billion in Every Student Succeeds Act grants, and provided $31 billion in aid to approximately 6.5 million undergraduate students in FY2023 through Pell Grants.[34] In comparison, FY2024 WIOA appropriations totaled $4.1 billion.[35] States have an opportunity to align education and workforce initiatives to maximize the impact of education resources and supplement WIOA funds. Three states discussed using Perkins and Pell Grants as funding streams in coordination with workforce development efforts. One Governor's advisor stressed the expansive possibilities in education funding for the workforce, highlighting "a host of secondary and post-secondary funding that is probably four to five times bigger than WIOA funds."

In the wake of the COVID-19 pandemic, The American Rescue Plan Act of 2021 (ARPA) played a critical role in providing states flexibility to build on WIOA programming. While WIOA serves as the backbone of public workforce development, supplemental ARPA funding allowed states to support a wider range of workforce programs and initiatives, like state marketing campaigns and new programs that fall outside of WIOA's eligibility requirements. Some states used ARPA to test pilot programs, leveraging the temporary funding to explore new workforce strategies without diverting limited WIOA dollars away from existing efforts.

"We knew this was a once-in-a-lifetime opportunity and it gave us a chance to try things that we could not before...(ARPA) gave us an opportunity to use WIOA as the backbone and then build around it, but not be limited by the eligibility requirements."

Governor's Advisor

Interviewees most frequently highlighted using ARPA funds to enhance existing training and career services and develop new programs made possible by its flexibility. New Mexico offers examples of how states utilized ARPA funds for workforce development.

Many advisors expressed concerns about the impending "cliff" for ARPA funds. Advisors acknowledged the one-time nature of these investments, and they are currently seeking solutions to continue ARPA-funded work. Several individuals mentioned that they are looking at other state or federal funding streams, including discretionary grant programs, to address this cliff. States are also seeking funding opportunities from philanthropic partners to supplement diminishing federal funds.

New Mexico

Strategy: Leveraging other federal funding sources

Creating pre-apprenticeships with funding from the American Rescue Plan Act

During fiscal year 2023, under Governor Michelle Lujan Grisham, New Mexico's Department of Workforce Solutions (DWS) allocated $5 million of federal American Rescue Plan Act (ARPA) funding to support youth re-employment. The funding enabled the Department to launch a pre-apprenticeship program aimed at addressing the state's high rate of youth unemployment through on-the-job training targeted at in-demand occupations.

New Mexico's pre-apprenticeship program is designed to facilitate participation from any sector, but target industries include construction, IT and digital media, healthcare, and education. Additional partner organizations have included those in the hospitality industry and trade unions.[39] Roughly half of all apprentices are high school students, and the program covers wages of up to 400 hours of work at $15 per hour for youth working for partnered businesses.

To remove barriers for employer participation, the DWS structures the pre-apprenticeship program such that youth participants are employees of the state. DWS is then responsible for obligations such as payroll, cost of equipment, and workers compensation, which could otherwise dissuade small employers and those in the trades from hiring youth apprentices. To reduce reliance on ARPA funds, in 2025, DWS is on track to receive $1.2 million in funding for pre-apprenticeship from the state, and was awarded a $5.9 million State Apprenticeship Expansion Formula, Round 2 (SAEF2) competitive grant from the U.S. Department of Labor which includes funding for pre-apprenticeship.

Finding 5:
States are growing the labor force through targeted training and supportive services

States are deploying innovative solutions both within and beyond WIOA to build training and supportive services to address low labor force participation. As one advisor stated, "We don't have enough population to fill all of the jobs that are open." This trend is poised to continue, as demographic forecasts suggest that by 2030, one-fifth of the U.S. population will be over age 65.[40] Advisors pointed to the lack of supportive services and infrastructure, such as childcare, transportation options, and affordable housing, as obstacles preventing segments of the population from entering or remaining in the workforce.

In some states, low labor force participation rates have triggered a radical reassessment of the goals of workforce development policy.

> *"We have a historically high number (of people employed), but our employers are still struggling to find sufficient numbers of trained and experienced workers in virtually every sector...So (we're) addressing both short-term and long-term needs in the context of our demographic shift... It's really turning the consideration of workforce into a whole life, whole-government focus because when we talk about attracting people to [State X], it's not just about incentivizing a business to expand or to start in [State X], it's about ensuring that there's adequate housing, it's about ensuring that there's safe communities for people to reside, it's about ensuring that there's quality schools...where people say, 'that is a good place for me.' "*
>
> Governor's Advisor

States are prioritizing efforts to encourage workers to reenter the job market, especially by removing obstacles that keep them from working. In many states, workforce policy is focused on worker recruitment and retention efforts. This shift does not align well with WIOA's funding formula, which is structured around unemployment levels, as mentioned earlier. Moreover, WIOA funding for training programs is limited, making it difficult to support the large-scale, robust training initiatives needed to build up the workforce.

Despite this misalignment, WIOA's core purpose—helping individuals with significant barriers to employment enter high-quality jobs—remains highly relevant. Advisors emphasized that the populations they need to recruit to boost labor force participation are often the same individuals WIOA is designed to serve. Those include single parents and displaced caregivers facing childcare barriers, low-income individuals struggling with financial obstacles, and English language learners requiring additional support before securing employment. WIOA can, therefore, play a critical role in addressing their barriers to employment.

Engaging youth to strengthen the workforce pipeline

WIOA sets clear priorities for serving certain populations—such as justice-involved individuals, English language learners, foster youth, young parents, and individuals with disabilities—but states' workforce efforts do not always align neatly with these categories.
In interviews, advisors frequently discussed

training programs targeting those populations prioritized under WIOA, but other groups emerged as well. More than 80% of states mentioned initiatves aimed at strengthening youth labor force participation.

80%+ of states mentioned initiatives to strengthen the youth workforce pipeline

Given widespread concerns about aging populations and their impact on the workforce, this focus on youth training is understandable. It reflects a growing emphasis on early workforce engagement, often starting in the K-12 education system. As states invest in career and technical education (CTE), advisors questioned how workforce policies should evolve to better support these efforts, particularly when they fall outside WIOA's traditional scope.

Several states mentioned strengthening youth apprenticeships as a key priority. In interviews, a quarter of states outlined recent plans to invest in or restructure youth apprenticeships.

25%+ of states discussed investing in or restructuring youth apprenticeships

One state is developing a policy to define a high-school level of registered apprenticeship. Another advisor described the expansion of youth apprenticeships in the state's urban areas, highlighting efforts to better align these programs with the state's workforce system.

A report from the Department of Labor corroborates this growing trend, identifying a nationwide rise in youth apprenticeships over the last few decades.[41] From 76,000 active youth apprentices in 1996 to 214,000 in 2021, youth ages 16 to 24 represent a growing proportion of enrollees in registered apprenticeship programs–between 30 and 40%[42] A minority of youth apprentices are high school students; only 2.7% of all youth apprentices were 18 or younger at registration in 2021.[43] Education agencies have been increasingly interested in expanding this percentage of high school apprentices, in part by developing apprenticeships as a complement to high school CTE.

For many states, investing in youth-oriented training programs in critical industries has become a key strategy for improving labor force participation rates. When asked about their state's training programs, Governor's advisors consistently emphasized new initiatives targeting youth, particularly within K-12 CTE systems. Advisors recognized that building a strong workforce pipeline begins with engaging younger populations. Some states are prioritizing programs that provide students with mentorship opportunities, exposure to occupations, and work-based learning experiences. Studies have shown that participation in such training during high school can positively impact long-term outcomes, including wages, job satisfaction, and workforce engagement.[44]

When building new youth training programs, states are taking into consideration the demands of the regional workforce ecosystem. One state distributes training grants to fund youth internships in "high-need" sectors, ensuring that students gain early exposure within the region's most critical industries. Another state offers funding directly to graduating high school seniors for post-secondary educational opportunities, with the goal of aligning students to "in-demand careers." Other states have developed programs in response to labor shortages in a specified industry. For example, to address the shortage of certified nursing assistants (CNA), one state developed a training program for high school students to graduate with CNA certificates alongside their diplomas. Programs like these may encourage early alignment within the workforce pipeline and direct youth towards high-need sectors.

Kentucky

Strategy: Integrating job training and postsecondary pathways for high school seniors

Strengthening Kentucky's workforce pipeline with Everybody Counts

Kentucky Governor Andy Beshear launched the Everybody Counts initiative in 2021 to provide high school seniors with customized career coaching, ensuring they have a clear post-graduation pathway. Everybody Counts is housed within the Education and Labor Cabinet and currently operates in five school districts, using multiple funding sources, including Pre-Employment Transition Services from the Office of Vocational Rehabilitation, and discretionary workforce development grants. Pathways include direct job placement with Kentucky businesses that offer employment for high school graduates, assistance with college applications and financial aid (e.g., FAFSA support), or entry into pre-apprenticeships or apprenticeships. The initiative boosts work for participation through continued mentorship by career coaches even after students secure jobs or education placements. Career coaches maintain regular engagement during the initial transition into the workforce and education. Each career coach manages a portfolio of approximately 75 students and works closely with local school districts to address specific needs, tailoring their support to provide students with meaningful, individualized guidance. Career coaches operate in schools, providing focused and personalized career mentorship.

In the past two years, Everybody Counts has secured pathway placements for nearly 4,000 young people. Through the initiative, Kentucky's graduating seniors have access to high-quality job opportunities and pathways for advancement with Kentucky's top companies like Ford, Kroger, GE Appliances, and UPS. Students can also pursue post-secondary degrees while gaining valuable work experience, supported by the Kentucky Work Ready and Evolve502 scholarship programs.

Outreach to other populations with barriers to employment

In addition to focusing on younger populations, many states are expanding training programs to reach other groups with historically low labor force participation rates. Advisors highlighted a variety of populations with barriers to employment in interviews, including English-language learners and individuals with disabilities. States also mentioned justice-involved individuals and indigenous populations.

Recognizing the critical role that employment plays in reducing recidivism, states have developed pre-release, at-release, and post-release training initiatives for justice-involved individuals. Several states described efforts to ensure individuals leaving correctional facilities have the skills and support needed to transition successfully into the workforce. For example, one state partnered with labor unions to offer pre-apprenticeship and apprenticeship programs within correctional institutions, enabling participants to move into structured employment pathways upon release. Those efforts are complemented by investments in reentry support systems that address barriers to employment, provide ongoing job placement assistance and mitigate the risk of job loss during the first months post-release. The initiatives reflect a growing recognition that justice-involved individuals can have a major role in filling workforce gaps.

States with significant Indigenous populations are increasingly developing workforce training programs tailored to the unique needs of tribal communities. Some states are investing in initiatives to upskill Indigenous adults and provide targeted CTE opportunities for youth. For example, one state allocated grants to tribal high schools to expand their CTE offerings. Another state used federal grants to successfully enroll more than 100 Indigenous youth in apprenticeship programs. In another state, preschool teacher apprenticeships aim to address disparities in early childhood education access within tribal communities.

Supportive services to address barriers to participation

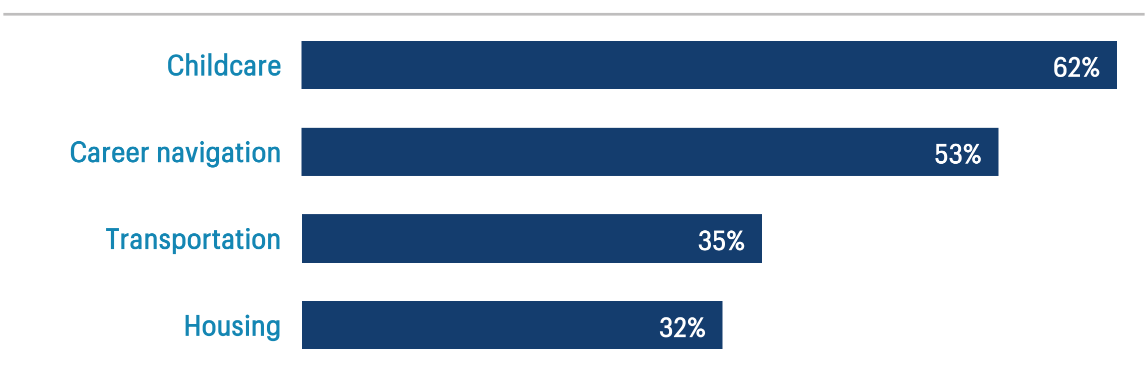
Governors also recognize that investing in training programs alone is insufficient to connect individuals to employment; wraparound services are also essential. WIOA permits states to use funds for services such as childcare assistance, transportation subsidies, and housing support, which closely align with the priorities states identified in interviews.[45] However, several advisors noted that those services are often underfunded or inconsistently available through WIOA due to resource limitations and competing priorities. Such gaps leave individuals who face significant barriers disengaged from the labor force.[46] As states have shifted their focus to increasing labor force participation, they have begun to prioritize providing those supports.

States are increasingly focusing on addressing barriers like family care, transportation access, and affordable housing. Career navigation was also raised as a critical tool to help individuals transition into the workforce and advance in their careers (see Figure 6). Several advisors discussed the importance of incorporating navigation into training programs or K-12 education. Kentucy provides an example of this strategy (see the highlight box on page 32). Another advisor mentioned that addressing worker shortages requires employers to provide supportive services–like on-site childcare–to employees.
Yet another noted:

> *"I know that one of the things that we've seen since the pandemic is the importance of supportive services–that tuition alone is not going to help somebody be successful. When your car breaks down, when your child doesn't have daycare, when you don't have the resources that you need to put food on your table, you're not going to be able to be as successful in the training and education program or on your job. And so I think the ability to package both helping people with the resources they need for training, as well as the supportive services that they need... (will) best meet the needs of the people we're serving."*
>
> Governor's Advisor

Figure 6: **Supportive services discussed by states**

Percent of (34) states interviewed



Interviews suggested that many states remain in the ideation phase of building supportive services. Some advisors noted that they supplement federal funding for those services with state and philanthropic resources to ensure a sustainable support system for workers facing barriers. States are also beginning to consider novel strategies, recognizing the limitations of traditional funding approaches. For example, one state introduced an electric bike grant program for individuals in recovery who lack driver's licenses, enabling them to commute to work. Another state mentioned a creative housing solution wherein hospitality employers purchased local motels to convert into workforce housing. A recurring theme among states was the importance of addressing challenges through cross-sector collaboration, as well as rethinking funding allocations and reevaluating existing processes. Some states have directed their legislatures to develop policy recommendations for upcoming sessions or established task forces to tackle such barriers through the Governor's office. As one advisor explained,

> *"I think it's about putting out big goals that people can get behind and then giving them the opportunity to be flexible and creative and finding those leaders at the local level who really take something up and make something special."*
>
> Governor's Advisor

Childcare was the most frequently cited barrier to workforce development. In interviews, 21 states identified childcare as a significant challenge or priority. They highlighted the cost-benefit analysis that many individuals, most often women, consider when deciding whether to enter the workforce. Without affordable and reliable childcare, employed parents cannot work or must reduce work hours. The U.S. DOL reported that while the share of employed mothers in the U.S. is 1.9% higher in May 2024 compared to February 2020, strengthening the nation's childcare infrastructure would encourage additional mothers to enter the workforce.[47] Data suggest that a 10% decrease in median childcare prices is associated with a 1% increase in maternal employment.[48]

62% of states mentioned childcare as a critical workforce challenge or priority

Recognizing the tradeoff, states view childcare benefits as a powerful lever for improving labor force participation rates. Although WIOA funds can be used to help with childcare costs, WIOA funding is completely insufficient to address the systemic challenge of providing care for the children of workers. As a result, states are seeking additional funding mechanisms beyond WIOA to address childcare barriers. While advisors mentioned various childcare initiatives in interviews, two primary pathways stood out. Several states emphasized collaborating with employers to address childcare barriers, including by incentivizing employers to provide childcare services. Other states discussed advancing universal early childhood education, focusing on state legislative proposals and efforts to incorporate universal pre-K into state budgets.

To address childcare shortages, some states are tackling the childcare workforce pipeline. Labor shortages are a significant challenge in the early childhood education (ECE) sector, creating a complex problem: to expand childcare access and support workforce participation in other industries, states must also address the barriers preventing individuals from entering and staying in the ECE workforce. Research suggests a range of barriers inhibit the growth and retention of the ECE workforce, including low pay.[49] Poor compensation and other factors, such as emotional and mental health challenges, contribute to the high stress that fuels high voluntary turnover.[50] U.S. Bureau of Labor Statistics data show that child care establishments have higher hiring and job vacancy rates than other sectors nationwide.[51] Several states are considering how they might eliminate some of the costs and challenges associated with hiring and

Illinois

Strategy: Removing Cost Barriers to Workforce Entry and Career Advancement

Integrating barrier reduction services across workforce programs

Under Illinois Governor J.B. Pritzker, the Illinois Department of Commerce and Economic Opportunity incorporates Barrier Reduction Services into numerous workforce and economic development programs. Providing designated program funding for wraparound services, student support services, and transition services, Barrier Reduction Funds may be put towards expenses such as childcare, mental health counseling, transportation, tutoring, or other activities which allow individuals access to work. The Job Training Economic Development Program (JTED) and Climate Equity Jobs Act (CEJA) represent two state workforce training efforts which incorporate these services.

The Job Training Economic Development Program, launched in 2022, provides grant funding to nonprofit and community organizations, WIOA administering entities, industry associations, and educational institutions. Grantees use funds to develop and administer workforce development services to target populations, like unemployed, under-employed, or under-represented individuals, including youth with one or more barriers to employment. The program is funded through state general revenue funds, and administers grant funding with preference for applicants supporting Illinois' high-growth industries. Through the program, over 3,000 Barrier Reduction Services have been provided to over 900 individuals.

Illinois' Climate Equity Jobs Act, enacted in 2021, also supports multiple programs which incorporate Barrier Reduction Services, including $15 million per year for distribution of Energy Transition Barrier Reduction Program services through the Clean Jobs Workforce Network Program, and $6 million through the Climate Works Pre-apprenticeship Program. Participants who opt-in to receive services will engage in one-on-one meetings with Barrier Reduction staff to assess individual needs. Assessments consider factors such as access to transportation, childcare, housing, technology (e.g. broadband and hardware), food assistance, and financial literacy materials. Need for academic accommodations and student support services are also taken into consideration, and individuals may receive Barrier Reduction Funds to address these issues.

filling ECE vacancies, stabilizing the ECE workforce pipeline. Although WIOA funding can support workforce training in high-demand fields like ECE, WIOA alone cannot begin to address the structural challenges faced by the ECE sector.

Interviews revealed that many states have introduced programs to expand childcare training and credentialing opportunities. For example, one state launched pre-apprenticeship programs in early childhood education, allowing high school and even middle school students to gain hands-on experience by working in school-sponsored childcare centers. Another state added ECE and childcare credential training to top tier financial aid programs for sub-degree credentials and certificates. States are supporting and supplementing these efforts with multi-million dollar state appropriations packages that address both affordability and workforce development.

Policy opportunities for states

The research does not provide causal evidence for specific workforce policies and programs, but it sheds light on the many opportunities Governors have to innovate within and beyond the WIOA system.

Shifting governance structures

Re-examine workforce governance structures. Governors can review current organizational structures and assess how those divisions facilitate or hinder state efforts to meet economic and workforce goals. They may consider reorganizing offices and staff responsibilities to bridge agency silos and streamline policy making. In some cases, merging departments or portfolios can create stronger synergies. Integrating workforce development offices with economic development or commerce agencies may enable states to better engage businesses and align training programs with industry needs. Similarly, combining workforce and education departments can accelerate the alignment of training curricula with labor market demands. Organizational reviews can help identify where separation or integration best serves state policy goals, ensuring both specialization and collaboration are optimized.

Designate a policy advisor or policy office in the Governor's Office. Governors may designate a policy advisor in the Office of the Governor to focus on workforce development issues or establish a policy office to provide them with a central point of coordination for workforce issues. This advisor or office can ensure that workforce programs and investments align closely with the Governor's broader agenda and budgetary goals, while acting as a convener or bridge to improve cross-agency collaboration.

Strategic workforce planning

Align state planning processes. Governors play a key role in setting unified priorities for state and federal plans. Governors may consider aligning the WIOA planning process with related state strategic plans. Agencies can coordinate stakeholder outreach so that community engagement is robust but not duplicative. They can also standardize or co-design the contents of the WIOA plans with other strategic priorities. They may consider developing Combined WIOA and Perkins plans, which can reduce redundancies and support alignment efforts across education and workforce agencies.[52]

Leverage labor market data to promote economic growth and address performance gaps. Governors can create centralized data dashboards and cross-agency data teams to aggregate, evaluate, and inform policy action around key workforce metrics. Analyzing labor force trends by demographics can help states identify groups with lower labor force participation rates or higher unemployment rates and target programming to those populations. Developing job demand lists based on labor market data and employer feedback in alignment with economic development goals can help states identify key growth sectors and direct resources strategically toward target industries.

Partnering with industry

Establish a clear point of contact for businesses. Governors can leverage intermediaries or state staff to serve as a single point of contact for businesses navigating workforce programs and services. By allowing businesses to select a designated partner, such as a local workforce board, industry association, or community college, states can simplify access to resources, reduce administrative complexity, and ensure consistent support. This approach can foster long-term relationships between businesses and the state, streamlining communication and encouraging sustained industry participation in workforce development initiatives.

Invest in sector-specific workforce strategies. States can enhance industry engagement by focusing workforce development efforts on key sectors such as technology, manufacturing, clean energy, construction, health, and education. Evidence supports the potential for sector partnerships to improve economic outcomes for individuals and businesses alike.[53] Developing sector partnerships allows states to address labor shortages while building lasting relationships with employers.

Funding workforce strategies

Optimize the use of Governor's Reserve Funds by:

- **Financial planning.** Governors may begin by assessing how the 15% set-aside is currently being used. Given that the WIOA funding formula can result in fluctuations of federal funding year-over-year, states may prepare for cuts up to 10% by taking steps to evaluate spending and administrative costs prior to the beginning of each program year. States may also consider aligning required and allowable uses of Governor's Reserve funds with their Governor's highest priorities.
- **Supplement existing program funding.** Governor's Reserve dollars may be used to expand or improve existing programs that are top priorities for the Governor.
- **Seed innovation.** Governor's Reserve dollars may be used for the development of new and innovative programs that align with the Governor's priorities. States may develop and evaluate pilot programs that–if successful–can be funded permanently by the state in the future.

Pool funding across Title I Programs. Governors may consider pooling the 15% set-aside from each of the three Title I programs for a single use. This approach may allow states to maximize discretionary dollars by allocating them for a single purpose.

Establish alternative funding formulas. Governors have the authority to establish alternative funding formulas for up to 30% of WIOA Adult and Youth funding and 60% of WIOA Dislocated Worker funding not set aside in the Governor's Reserve. Taking advantage of this opportunity may allow Governors to maximize resources by focusing on specific regions and or populations.

Develop a comprehensive workforce funding strategy to complement WIOA. While WIOA funding is a critical component of states' workforce development funds, it is only one piece of the puzzle. Governors may consider looking beyond WIOA to develop funding strategies that leverage diverse sources of support. States can use federal education funds, invest state resources, or seek philanthropic contributions to address state-specific workforce priorities.

Growing the labor force through training and services

Strengthen eligibility requirements for the ETPL. WIOA establishes a minimum standard of eligibility criteria and processes for training providers to be placed on the Eligible Training Provider list (ETPL), and offers Governors the authority to set additional, stronger criteria. Governors may consider establishing more rigorous processes for training providers to be placed on the ETPL to ensure that WIOA funds only support programs that are contributing to economic growth and opportunity.

Establish high standards for WIOA programs. WIOA establishes a minimum set of metrics– namely earnings, employment, and credential attainment– to measure program success. Governors may build on these metrics and establish additional measures that promote systems alignment and align with the Governor's vision for workforce development.

Implement data-driven quality reviews for training providers. Governors can use unemployment insurance data and other workforce metrics to track training provider outcomes, such as completion rates, wages, and employment success. Regularly reviewing those metrics allows states to assess provider performance, ensure programs meet labor market demands, and remove underperforming providers from the ETPL, improving both transparency for job seekers and the overall quality of workforce training.

Tailor training and services to individuals with barriers to employment. Governors can support training programs in high-demand fields that address the specific needs of individuals with barriers to employment. Boosting labor force participation will require ensuring workers–particularly those facing the highest barriers to joining the labor market– have access to services like transportation, affordable housing, childcare, and career navigation. States may consider establishing task forces, working groups, or legislative directives to develop creative strategies to improve services, while addressing workforce shortages in key areas, like childcare and career coaching. Partnerships with industry stakeholders can ensure programs lead directly to job placements.

Conclusion

Across the country, Governors are finding new ways to strengthen their workforce systems. From reorganizing state agencies to improving industry engagement and providing essential support services, states are taking bold steps to ensure their workforce strategies are effective and inclusive. Cross-sector collaborations and creative funding solutions are playing a critical role in these efforts, enabling states to respond to shifting labor market demands and provide targeted support where it is needed most.

Looking ahead, it is clear that workforce needs will continue to evolve. Low labor force participation is a current primary concern; but future economic shifts could bring about high unemployment, requiring a system that can be responsive to multiple workforce challenges. As states navigate such complexities, policymakers will need to consider how WIOA and other workforce policies will need to adapt to address varying labor market conditions. As states continue to refine their approaches, Governors have an opportunity to build systems that drive economic growth, expand access to good jobs, and prepare their workforce for the challenges ahead. The future of workforce development depends on the ability of Governors and other policymakers to adapt, innovate, and learn from each other to build prosperous and inclusive workforce systems.

Appendix 1: **Interview questions**

The interviews consisted of the following questions, with follow-up questions as needed.

1. Can you start off by telling us briefly about your role?
2. Can you tell us about a time–ideally in the past year–that the Governor's workforce strategy shifted to adapt to changes in the labor market? What did that process look like? We know that the height of the pandemic posed difficult workforce challenges, but we're hoping to hear about more recent examples that are not specific to the unique circumstances posed by a global pandemic.
3. Can you tell us about any notable challenges the Governor has faced in meeting state workforce needs? We've heard that funding can be a challenge, but we're hoping to learn about other obstacles, as well.
4. A core purpose of WIOA is to increase "access to and opportunities for the employment, education, training and support services," particularly for "individuals with barriers to employment." How does the state ensure that different categories of "individuals with barriers to employment" benefit from services and programs?
5. How are Governor's Reserve Funds used to address unmet workforce needs?
6. Can you describe any actions the Governor has taken to integrate or align education and workforce systems and goals?
7. How is the Governor leveraging new federal funding opportunities, including CHIPS, IIJA (Infrastructure Investment and Jobs Act), and IRA (Inflation Reduction Act), to enhance workforce efforts?
8. Is there anything else you'd like to share that we didn't discuss today?

Appendix 2: **Survey questions**

The survey consisted of the following questions.

Question 1:
Please select your state/territory.

Question 2:
Has the Governor developed any alternative funding formulas under WIOA?

a. Yes
    - If yes, please describe the formulas.

b. No

Question 3:
Does your state have any quality or accountability metrics for Eligible Training Providers, beyond WIOA requirements?

a. Yes
    - If yes, please describe the metrics.

b. No

Question 4-Part 1:
If your state had additional flexibility under WIOA, how might the Governor use it? Select all that apply.

a. Funding
    - If you selected "funding," please describe an example.

b. State Planning
    - If you selected "state planning," please describe an example.

c. Local Area Designation
    - If you selected "local area designation," please describe an example.

d. Other
    - If you selected "other," please describe an example.

Question 4-Part 2:
Please rank the topics (1, 2, 3, or 4) regarding additional flexibility under WIOA in order of importance; 1 being the most desired/important and 4 being the least desired/important. NOTE: The topics below populate based on the topics you selected in Question 4-Part 1. For example, if you only selected "funding" and "other," those are the only topics you will be able to rank. If you did not select any topics in Question 4-Part 1, there will not be any topics to rank in Question 4-Part 2.

[ ] Funding

[ ] State Planning

[ ] Local Area Designation

[ ] Other

Question 5:
Do you have any additional comments/questions that you would like to share?

Notes

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8 The authors reviewed population estimates for all 50 states and divided states into 3 categories–small, medium, and large populations. Roughly 16 states fall into each of the three categories: under 3 million, 3-7 million, and over 7 million.

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14 Based on a review of WIOA plans submitted in 2025.

15 Two states selected funding and state planning as areas where they desired greater flexibility but did not provide rankings. As a result, their responses were excluded from the ranking data. Consequently, Figure 2 reflects ranking preferences from 15 states.

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17 Technology is subdivided into multiple sectors in Figure 3.

18 For additional research on sector-based employment strategies, see "What's Working? Perspectives on Key Issues in Workforce Development Programs and Practices" (American Enterprise Institute, October 2024), https://www.aei.org/wp-content/uploads/2024/10/Whats-Working-October-2024.pdf?x85095.

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30 Required statewide activities are described in Sections 129(b)(1) and 134(a)(2)(B) of WIOA.

31 Allowable statewide activities are described in Section 129(b)(2) and 134(a)(3) of WIOA

32 Some states described two categories (e.g. Admin/operational expenses and Title I programming) as the most common uses of their states' Governor's Reserve Funds and were counted in each category accordingly.

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