

**WORKFORCE ARIZONA COUNCIL**  
**Q2 2025 Full Council Meeting**  
Thursday, May 29th, 2025 | 1:00 pm – 3:00 pm  
**Hybrid Meeting**

**In-Person Location:** 1700 W Washington Street Phoenix, AZ 2nd Floor Conference Room

**Zoom:**

<https://us02web.zoom.us/j/89868719530?pwd=rbPoyZchFVeHY8ceM6FDvV2uOIXRA2.1>

Meeting ID: 898 6871 9530

Passcode: 284748

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1. **Welcome & Call to Order**, Chair Mark Gaspers (2 minutes)
  2. **Roll Call**, Giselle Retana (3 minutes)
  3. **Call to the Public**, Chair Mark Gaspers (3 minutes per person)
  4. **Success Story**, Shawn Hutchinson (5 minutes)
  5. **Consent Agenda, Vote** Chair Mark Gaspers (5 minutes)
    - a. **March 13, 2025 Full Council Meeting Minutes**
    - b. **2025 LWDB Recertification**
    - c. **LWDB Membership Vacancy Waiver Request (Yavapai County)**
    - d. **LWDB Job Center Certification (Pima County - New Center)**
  6. **OEO Agency Updates**, Director Carlos Contreras (5 minutes)
  7. **PY 25 Final Funding Allocations**, Janice Garza (10 minutes)
    - a. **Funding Allocation Policy for WIOA Title IB Adult, Dislocated Worker and Youth Programs**, Janice Garza
    - b. **PY 25 Funding Allocations**, Manny Estrella
  8. **National Governors Association Update**, Jack Porter (45 minutes)
    - a. **Federal Update**
    - b. **Whitepaper: Turning WIOA Challenges Into Workforce Solutions**
    - c. **Technical Assistance Results Overview**
    - d. **Questions and Discussion**
  9. **Workgroup Updates** (10 minutes)
    - a. **Training Effectiveness**, Kristen Mackey
    - b. **Continuous Improvement**, John Walters
  10. **Recapture and Reallocation Briefing for PY23/FY24 Statewide Initiatives Briefing**, Tarry Haynie (10 minutes)
    - a. **Recapture Funding Projections**
    - b. **Statewide Initiatives Proposals**
  11. **Annual PY23, Title III, State Performance Assessment**, Anna Hunter and Matt Smith (15 minutes)
  12. **Council Member Roundtable, All** (10 minutes)
  13. **Adjournment**

*Pursuant to A.R.S. § 38-431.02, notice is hereby given to members of the Workforce Arizona Council and to the general public that the Council will hold a meeting open to the public, on Thursday, May 29th, 2025 at 1:00-3:00pm. via Zoom and/or in-person.*

*Persons with a disability may request reasonable accommodation, such as a sign language interpreter, by calling (480) 904-0826. Requests should be made as early as possible to allow time to arrange the accommodation. A copy of the material provided to Council members (with the exception of material relating to possible executive sessions) is available for public inspection at the Office of Economic Opportunity, located at 1400 W Washington St., Phoenix, AZ 85007*

*Under A.R.S. § 38-431.03(A)(3), the Council may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item on the agenda.*

*At its discretion, the Council may consider and act upon any agenda item out of order. Members of the Council may appear by telephone.*



OFFICE OF  
**ECONOMIC**  
OPPORTUNITY

# Workforce Arizona Council Meeting

Full Council  
May 29, 2025

# Welcome & Call to Order

Mark Gaspers, Chair



# Roll Call

Giselle Retana, Council Administrative Coordinator



# Call to the Public

Mark Gaspers, Chair



# Success Story

Shawn Hutchinson, Council Member



# Consent Agenda

- Meeting Minutes: Q1 March 13, 2025
- 2025 LWDB Recertification
- LWDB Membership Vacancy Extension (Yavapai County)
- LWDB Job Center Certification (Pima County - New Center)

# OEO Agency Updates

Director Carlos Contreras



# Welcome, New Workforce Arizona Council Staff



**Janice Garza**  
Workforce Council Policy Manager  
Office of Economic Opportunity



**Giselle Retana**  
Workforce Arizona Council Administrative Coordinator  
Office of Economic Opportunity



# Director Update

- [BuilditAZ](#) Announcement: 80% to goal of doubling - 8,700 apprentices by 2026
  - \$2.5M invested in 9 Awardees covering whole state
  - \$3M additional funding - Capacity grants & new RAP creation will be released in June
  - Marketing campaign to attract more women in construction - July
- Grants & Funding request submitted:
  - Southwest Border Regional Commission (SBRC) (EID) Grant: *ReadyTechGo scholarships (Maricopa, Pima, Pinal, Santa Cruz)*
  - Congressional directive spending (CDS) - BuilditAZ & *ReadyTechGo expansion - Yavapai, Mohave & Coconino*
  - WDQI US DOL Grant - State longitudinal data systems
- OEO is hiring
  - [Sector Workforce Strategies & Grant Administrator](#)



# Arizona Employment Report Highlights

- The Arizona seasonally adjusted (SA) unemployment rate remained unchanged at 4.1% in April 2025 from March 2025, while the U.S. rate remained unchanged at 4.2%
- Arizona not-seasonally adjusted (NSA) nonfarm employment increased by 20,900 jobs (0.6%) month-over-month
- Arizona NSA nonfarm employment increased by 18,100 jobs (0.6%), year-over-year
- Month-over-month, Arizona's SA labor force increased by 2,409 individuals, or 0.1%
- Year-over-year, the SA labor force increased by 51,777 individuals, or 1.4%



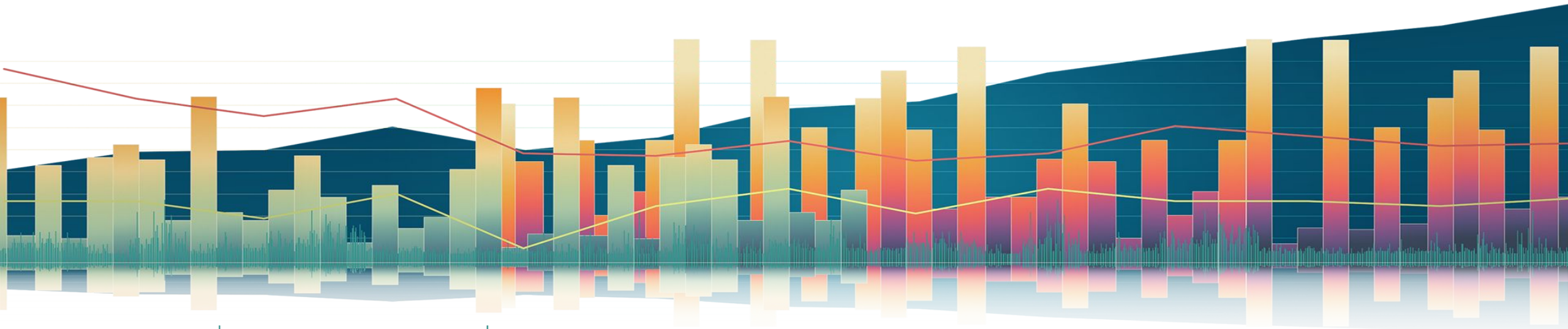


ARIZONA  
**WORKFORCE**  
SUMMIT 2025

# Sustaining Growth in a Shifting Landscape

Arizona's Workforce Post-Pandemic

June 17-18, 2025 | Mesa Convention Center



**ARIZONA @WORK**  
Innovative Workforce Solutions  
A proud partner of the americanjobcenter network

**TALENT  
READY** **AZ**

**ARIZONA**  
OFFICE OF  
ECONOMIC OPPORTUNITY

#AZWorkforceSummit



# PY 25 Funding Allocation Final Allotments

Janice Garza, Workforce Policy Manager



# Funding Allocation Policy for WIOA Title IB Adult, Dislocated Worker, and Youth Programs

- **Policy Key Points**

- Effective Date: March 13, 2025
- Funding allocation formula factors will remain in effect for three years beginning PY25/FY26. A review and approval of the funding allocation formula will occur every two years thereafter. The Workforce Arizona Council reserves the right to review its voted-upon methodology annually.

- **Implementation**

- TEGL issued May 20, 2025
- Council and DES notify Local Areas of funding allocations.
- DES issues Notice Of Award expected in July, 2025



# DOL Funding Allocation Methodology

- U.S. Department of Labor (DOL) Methodology:
  - States' funding is based on unemployment levels and disadvantaged population levels.
    - States with higher unemployment receive more funding.
- DOL total allocations for Arizona for PY 25 (July 1 2025 - June 30 2026)
  - **\$65,630,154**
    - **10%** decrease in funding statewide from PY 24
- Arizona's economy has improved (e.g., lower unemployment) compared to other states, and has therefore received a smaller share of funding
  - Statewide unemployment decreased by approximately 3,000



# Year-Over-Year Unemployment Change

State	Unemployment change	Rank
Pennsylvania	-13,326	1
Mississippi	-6,234	2
Connecticut	-4,566	3
<b>Arizona</b>	<b>-3,043</b>	<b>4</b>
Tennessee	-2,314	5

- Arizona's share of national unemployment decreased to 2.1% in FY 24 from 2.3% in FY 23.
  - This decrease in unemployment share ranks 4th among all states



# Planning Estimates vs Actual Allocations

- Adult
  - Planning Estimates: \$19,519,800
  - Actual Allocation: \$19,520,972 ↑
- Youth
  - Planning Estimates: \$20,785,827
  - Actual Allocation: \$20,629,527 ↓
- Dislocated Worker (DW)
  - Planning Estimates: \$25,484,180
  - Actual Allocation: \$25,479,655 ↓

Unemployment data and Exhausted Claimants data (DW only) were updated in time frame between Planning Estimates and Actual Allocations.



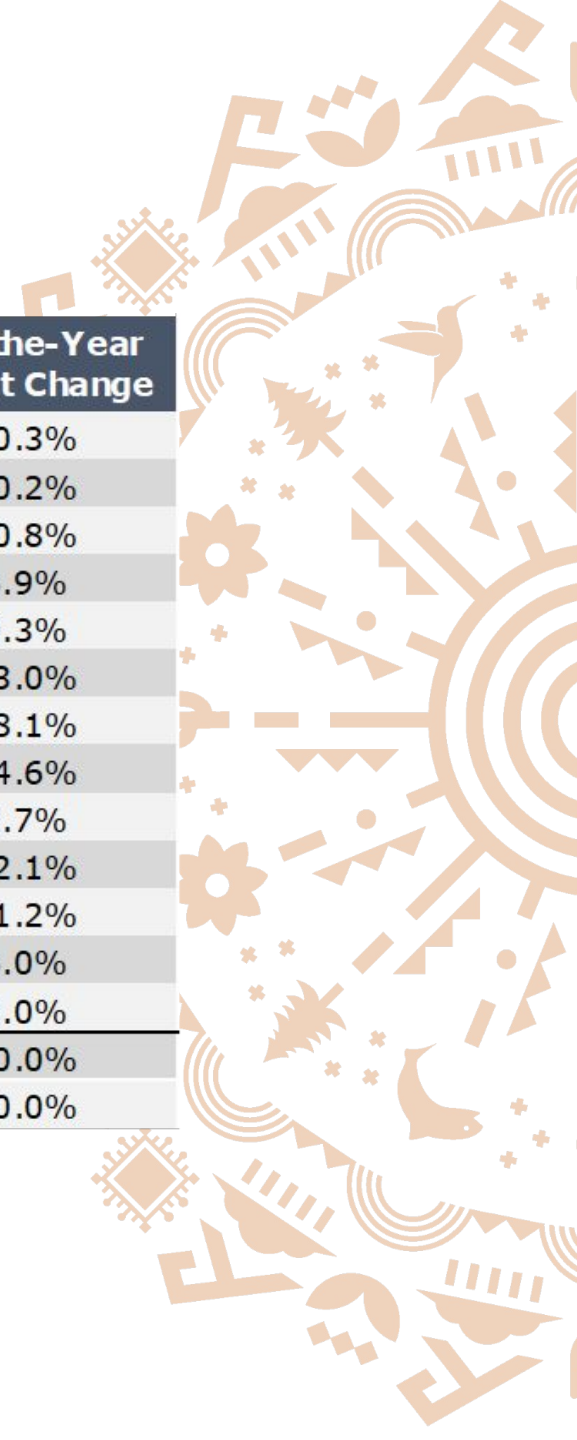
# PY25 Funding Allocations: Adult

Local Workforce Development Area	PY 24 Allocation	PY 25 Allocation	Over-the-Year Change	Over-the-Year Percent Change
North Eastern Arizona (Apache/Navajo/Gila)	\$330,949	\$296,932	-\$34,016	-10.3%
South Eastern Arizona (Cochise/Graham/Greenlee)	\$400,630	\$359,793	-\$40,837	-10.2%
Coconino County	\$262,129	\$233,886	-\$28,243	-10.8%
Maricopa County	\$3,793,096	\$3,533,180	-\$259,917	-6.9%
Mohave/La Paz	\$637,526	\$577,950	-\$59,576	-9.3%
Navajo Nation	\$994,442	\$865,658	-\$128,783	-13.0%
City of Phoenix	\$3,189,348	\$2,613,160	-\$576,188	-18.1%
Pima County	\$2,249,228	\$1,921,543	-\$327,685	-14.6%
Pinal County	\$804,927	\$782,905	-\$22,023	-2.7%
Santa Cruz County	\$374,794	\$292,066	-\$82,729	-22.1%
Arizona Tribal Workforce	\$1,311,072	\$1,163,739	-\$147,334	-11.2%
Yavapai County	\$438,211	\$411,855	-\$26,357	-6.0%
Yuma County	\$3,649,015	\$3,540,161	-\$108,853	-3.0%
Distribution 85%	\$18,435,367	\$16,592,826	-\$1,842,541	-10.0%
Total Funds	\$21,688,667	\$19,520,972	-\$2,167,695	-10.0%

PY 24 Allocation: Discretionary Formula, 100% weight on excess poverty

PY 25 Allocation: Discretionary Formula, 100% weight on excess poverty

PY 25 Allocations listed in TEGE 11-24, May 20, 2025



# PY25 Funding Allocations: Youth

Local Workforce Development Area	PY 24 Allocation	PY 25 Allocation	Over-the-Year Change	Over-the-Year Percent Change
North Eastern Arizona (Apache/Navajo/Gila)	\$350,343	\$307,033	-\$43,310	-12.4%
South Eastern Arizona (Cochise/Graham/Greenlee)	\$412,629	\$337,054	-\$75,575	-18.3%
Coconino County	\$455,383	\$416,111	-\$39,273	-8.6%
Maricopa County	\$4,091,816	\$3,751,240	-\$340,576	-8.3%
Mohave/La Paz	\$573,224	\$484,473	-\$88,751	-15.5%
Navajo Nation	\$1,076,742	\$929,814	-\$146,928	-13.6%
City of Phoenix	\$3,354,762	\$2,761,109	-\$593,653	-17.7%
Pima County	\$2,345,255	\$2,113,708	-\$231,547	-9.9%
Pinal County	\$716,034	\$636,477	-\$79,558	-11.1%
Santa Cruz County	\$432,564	\$344,404	-\$88,161	-20.4%
Arizona Tribal Workforce	\$1,381,558	\$1,230,759	-\$150,799	-10.9%
Yavapai County	\$381,087	\$359,075	-\$22,012	-5.8%
Yuma County	\$3,887,785	\$3,863,843	-\$23,942	-0.6%
Distribution 85%	\$19,459,183	\$17,535,098	-\$1,924,085	-9.9%
Total Funds	\$22,893,156	\$20,629,527	-\$2,263,629	-9.9%

PY 24 Allocation: Discretionary Formula, 100% weight on excess poverty

PY 25 Allocation: Discretionary Formula, 100% weight on excess poverty

PY 25 Allocations listed in TEGL 11-24, May 20, 2025

# PY25 Funding Allocations: Dislocated Worker

Local Workforce Development Area	PY 24 Allocation	PY 25 Allocation	Over-the-Year Change	Over-the-Year Percent Change
North Eastern Arizona (Apache/Navajo/Gila)	\$197,336	\$168,845	-\$28,492	-14.4%
South Eastern Arizona (Cochise/Graham/Greenlee)	\$654,992	\$552,140	-\$102,852	-15.7%
Coconino County	\$251,895	\$209,379	-\$42,516	-16.9%
Maricopa County	\$5,125,049	\$5,044,793	-\$80,256	-1.6%
Mohave/La Paz	\$475,131	\$405,683	-\$69,448	-14.6%
Navajo Nation	\$424,579	\$342,308	-\$82,270	-19.4%
City of Phoenix	\$3,263,208	\$3,125,587	-\$137,621	-4.2%
Pima County	\$2,342,201	\$1,965,588	-\$376,613	-16.1%
Pinal County	\$806,957	\$704,501	-\$102,456	-12.7%
Santa Cruz County	\$224,596	\$184,048	-\$40,548	-18.1%
Arizona Tribal Workforce	\$776,438	\$628,950	-\$147,488	-19.0%
Yavapai County	\$393,842	\$358,645	-\$35,197	-8.9%
Yuma County	\$2,053,228	\$1,597,326	-\$455,903	-22.2%
Distribution 60%	\$16,989,453	\$15,287,793	-\$1,701,660	-10.0%
Total Funds	\$28,315,755	\$25,479,655	-\$2,836,100	-10.0%

PY 24 Allocation: 80% weight on unemployment concentration, 5% weight on long-term unemployment, 10% weight on declining industry

PY 25 Allocation: 35% weight on unemployment concentration, 15% weight on long-term unemployment, 15% weight on declining industry

PY 25 Allocations listed in TEGF 11-24, May 20, 2025



# PY25 Funding Allocations: Rapid Response

Local Workforce Development Area	PY 25 Distribution
North Eastern Arizona (Apache/Navajo/Gila)	\$195,997
South Eastern Arizona (Cochise/Graham/Greenlee)	\$195,997
Coconino County	\$195,997
Maricopa County	\$195,997
Mohave/La Paz	\$195,997
Navajo Nation	\$195,997
City of Phoenix	\$195,997
Pima County	\$195,997
Pinal County	\$195,997
Santa Cruz County	\$195,997
Arizona Tribal Workforce	\$195,997
Yavapai County	\$195,997
Yuma County	\$195,997
State Rapid Response Allocation (60%)	\$3,821,948
Total Rapid Response Funds	\$6,369,914



# PY25 Funding Allocations: Rapid Response

- Total Rapid Response funding (25% of Dislocated Worker funding): \$6,369,914
  - Department of Economic Security (15%): \$3,821,948
  - LWDAAs (10%): \$2,547,966
    - Each local area receives \$195,997



# PY25 Funding Allocations: Total

Local Workforce Development Area	PY 24 Allocation	PY 25 Allocation	Over-the-Year Change	Over-the-Year Percent Change	Local Workforce Development Area	PY 25 Allocation with Rapid Response Funding
North Eastern Arizona (Apache/Navajo/Gila)	\$878,628	\$772,810	-\$105,818	-12.0%	North Eastern Arizona (Apache/Navajo/Gila)	\$968,807
South Eastern Arizona (Cochise/Graham/Gree	\$1,468,251	\$1,248,986	-\$219,265	-14.9%	South Eastern Arizona (Cochise/Graham/Greenlee)	\$1,444,984
Coconino County	\$969,407	\$859,375	-\$110,031	-11.4%	Coconino County	\$1,055,373
Maricopa County	\$13,009,962	\$12,329,213	-\$680,749	-5.2%	Maricopa County	\$12,525,210
Mohave/LaPaz	\$1,685,881	\$1,468,106	-\$217,774	-12.9%	Mohave/LaPaz	\$1,664,104
Navajo Nation	\$2,495,762	\$2,137,780	-\$357,982	-14.3%	Navajo Nation	\$2,333,778
City of Phoenix	\$9,807,318	\$8,499,855	-\$1,307,463	-13.3%	City of Phoenix	\$8,695,853
Pima County	\$6,936,685	\$6,000,839	-\$935,846	-13.5%	Pima County	\$6,196,837
Pinal County	\$2,327,918	\$2,123,882	-\$204,036	-8.8%	Pinal County	\$2,319,879
Santa Cruz County	\$1,031,955	\$820,517	-\$211,437	-20.5%	Santa Cruz County	\$1,016,515
Arizona Tribal Workforce	\$3,469,068	\$3,023,447	-\$445,621	-12.8%	Arizona Tribal Workforce	\$3,219,445
Yavapai County	\$1,213,141	\$1,129,575	-\$83,566	-6.9%	Yavapai County	\$1,325,572
Yuma County	\$9,590,028	\$9,001,330	-\$588,698	-6.1%	Yuma County	\$9,197,328
Total Distribution to Local Areas	\$54,884,003	\$49,415,717	-\$5,333,712	-9.7%		
Total Funds	\$72,897,578	\$65,630,154	-\$7,107,771	-9.8%		

PY 25 Allocations listed in TEGE 11-24, May 20, 2025

# National Governors Association Update

Jack Porter, Program Director,  
Workforce Development & Economic Policy Program



# NGA Research Findings: Workforce Arizona Council Meeting

May 29, 2025



# The National Governors Association

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## Founding

The May 1908 meeting of President Theodore Roosevelt and governors led to the creation of the National Governors Association.



*Photo: The first meeting of the nation's governors, convened by President Theodore Roosevelt in Washington D.C., 1908.*

## What We Do

The National Governors Association (NGA) is the nonpartisan organization of the nation's governors. Through NGA, governors identify priority issues and matters of public policy and governance at the state, national and global level.

The NGA Center for Best Practices is the only research firm that directly serves governors and helps governors and executive branch leaders develop and implement innovative solutions to public policy challenges. Our Government Relations team ensures that states are a strong voice in Washington, D.C. We also provide management consultative services to both new and incumbent governors, their senior executive staff and trusted advisors.

# NGA Center for Best Practices

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## Program Areas:

- Children & Families
- Energy & Environment
- Health
- Homeland & Cybersecurity
- Infrastructure
- K-12 Education
- Land Management, Agriculture, Wildlife, & Rural
- Postsecondary Education
- Public Safety & Legal Counsels
- **Workforce Development & Economic Policy**



# Today's Agenda



- I. Federal Updates
- II. Whitepaper Highlights: Governors Reshaping Workforce Development
- III. NGA Technical Assistance to Arizona
- IV. Questions and Discussion

# Federal Updates

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- Status of Budget Reconciliation
- Nominations at U.S. Department of Labor
- Workforce Innovation and Opportunity Act (WIOA) Reauthorization

# Governors Reshaping Workforce Development:

Turning WIOA Challenges into Workforce  
Solutions



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# Methodology:

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

- 34 states interviewed between April and December 2024
  - Interviewees consisted of Governor’s advisors and workforce system administrators at state Departments of Labor/Commerce
- 17 states participated in surveys
- Data was analyzed in coordination with partners at the Harvard Project on Workforce to identify key themes and trends

# Key Findings

1. States are **shifting organizational structures** to improve workforce governance.
2. States are adopting **stakeholder-driven approaches to WIOA planning**.
3. States are investing in workforce services to **attract and retain businesses**.
4. **WIOA funding challenges** are prompting states to seek alternative solutions.
5. States are expanding **training programs and supportive services** to engage new workers.

**Finding 1:**  
State workforce  
governance structures  
are shifting

# Trends in Governance Structures

- **Elevating Workforce Under the Office of the Governor**
  - Recognizing that workforce development touches virtually every agency, establishing presence in the Governor's office provides a central coordinating function for workforce policy that can facilitate connections with related policy portfolios
- **Realigning Roles Within Workforce Agencies**
  - Examples include creating a new cabinet-level position to oversee workforce development and restructuring offices to ensure programs fall under relevant staff
- **Merging Workforce Agencies With Other State Offices**
  - States are looking at ways to increase coordination of cross-agency education, workforce, and economic development policies

## **Finding 2:**

States are adopting stakeholder-driven approaches to WIOA planning



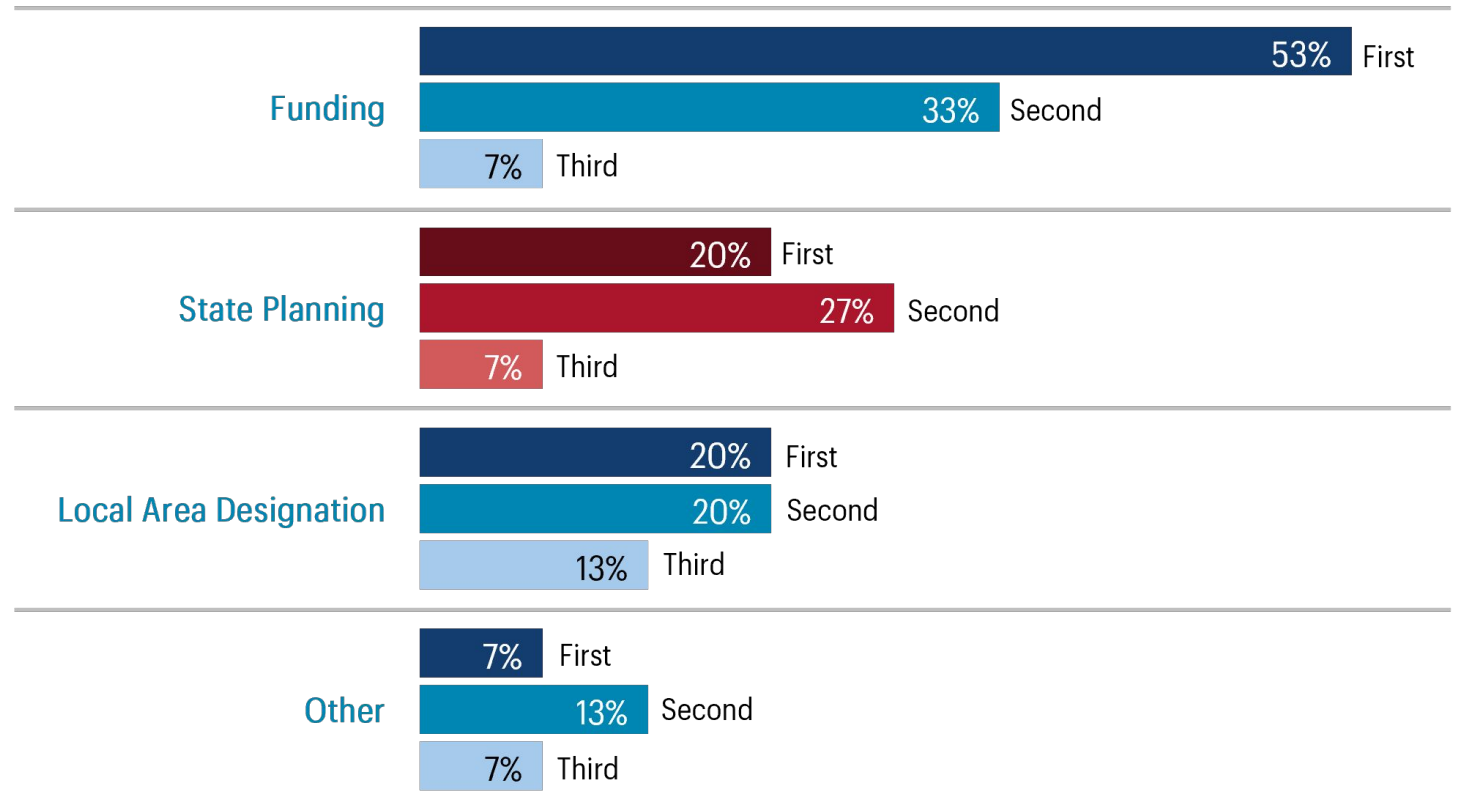
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# States are Looking for Flexibility with WIOA Planning

- Structural requirements around WIOA planning can make it difficult for required plans to be a useful tool for the workforce system, while also being a time-consuming and resource intensive process
- States surveyed ranked planning as a top area where they desired additional flexibility under WIOA

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

Percent of (15) states surveyed ranking topic areas accordingly



## **Finding 3:**

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



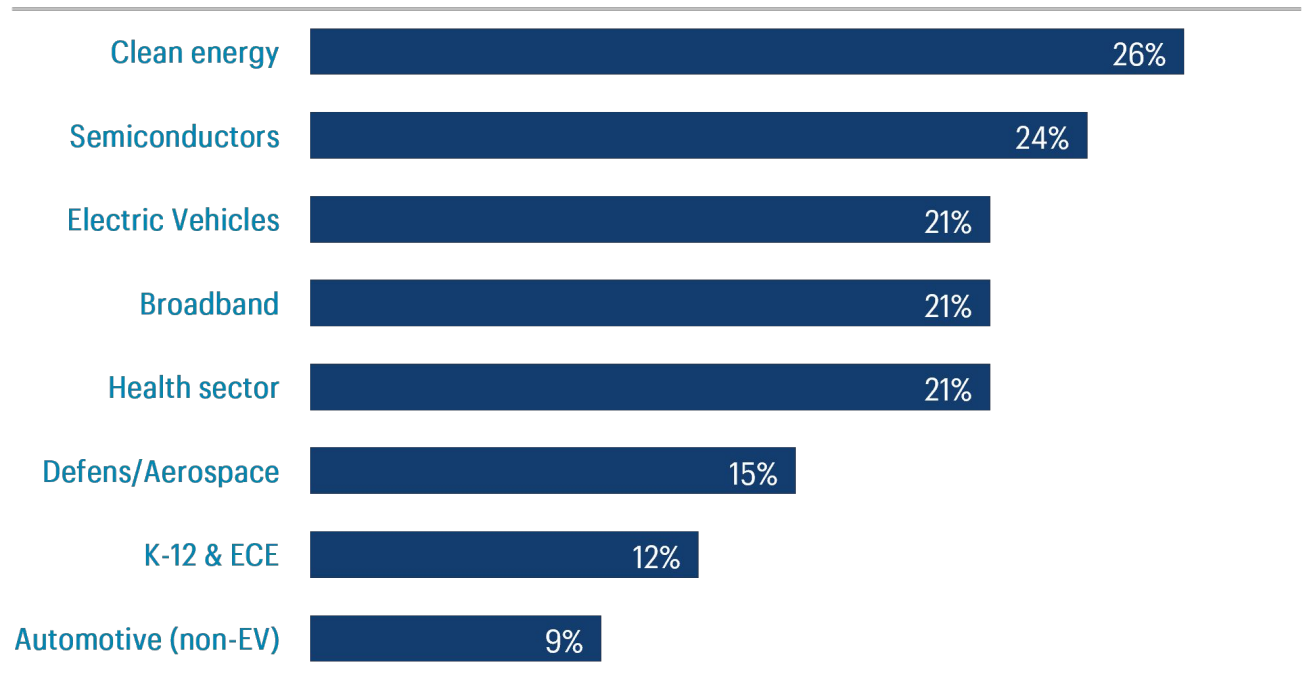
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# Sector-specific Investments and Partnerships

- States emphasized partnering with industry as a core component of their state workforce strategy
- Advisors representing nearly 75% of the states interviewed emphasized workforce development strategies focused on serving “dual customers”, i.e., jobseekers and employers

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

Percent of (34) states interviewed



# Opportunities for Business Engagement

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

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

# WIOA Funding Challenges

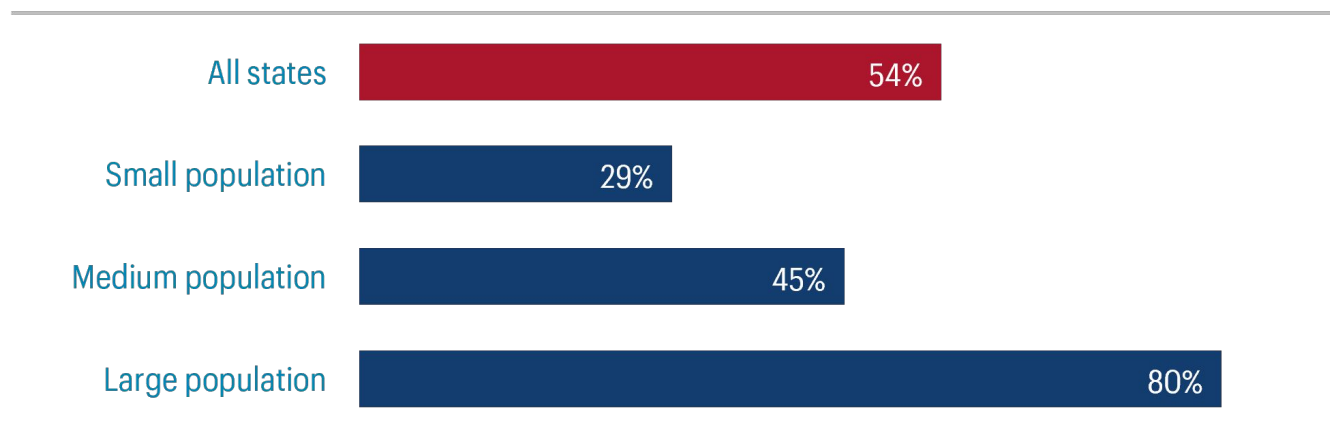
- States interviewed highlighted limitations on the allowable uses of WIOA funds as a barrier to supporting key workforce activities
- States with low unemployment rates face decreases to WIOA funding, making it more difficult to address issues related to labor force participation
- **Federal Funding Streams**
  - Workforce Innovation and Opportunity Act (WIOA)
  - Governor's Reserve Fund
  - American Rescue Plan Act (ARPA)
  - CHIPS, Infrastructure Investment and Jobs Act, Inflation Reduction Act

# Governor's Reserve Funds

- States primarily use the 15% set aside for administrative and operational costs, Title I programming, and innovative programs aligned with the Governor's priorities
- **Example: Washington Economic Security for All**
  - Extends essential job coaching, support services, and financial assistance to individuals with barriers to employment
  - Funded through the Governor's Reserve Funds for 4 years until receiving state appropriations in 2022

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

Percent of (28) states interviewed



## **Finding 5:**

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

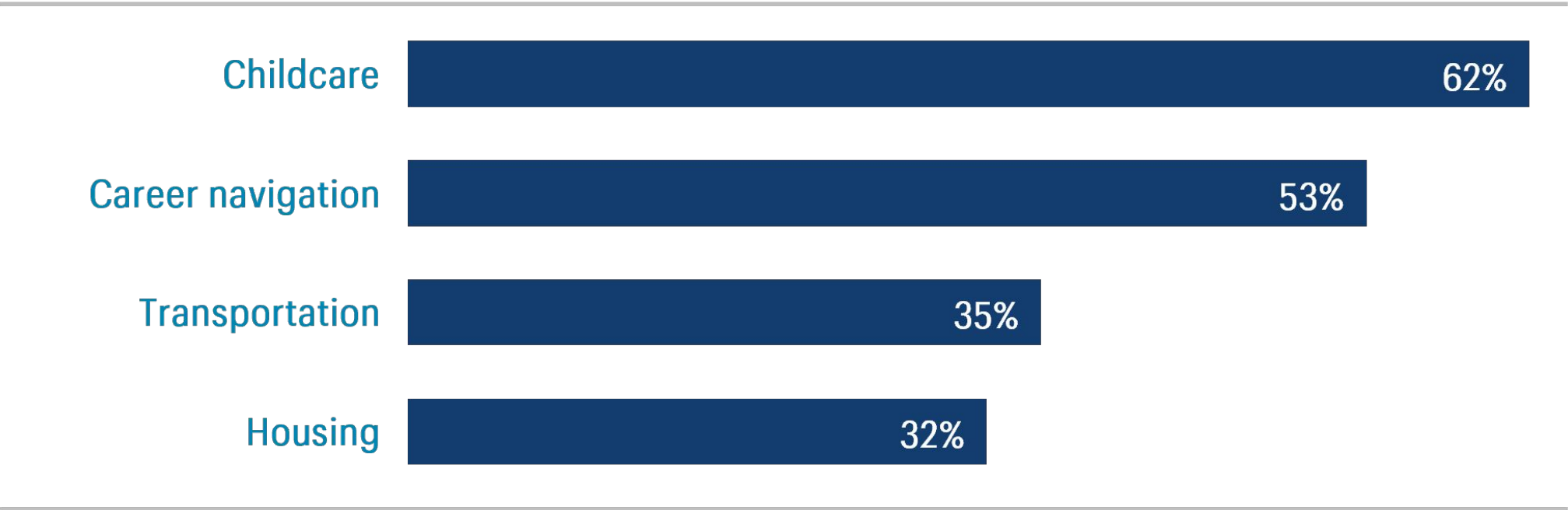


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# Addressing Barriers to Employment

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

Percent of (34) states interviewed



# Policy Opportunities to Consider



## Governance

Designate a policy advisor or policy office in the Governor's Office  
Re-examine workforce governance structures



## Planning

Leverage labor market data to promote economic growth and address performance gaps  
Align state planning processes



## Business Engagement

Establish a clear point of contact for businesses  
Invest in sector-specific workforce strategies



## Funding

Pool funding across Title I Programs  
Establish alternative funding formulas  
Develop a comprehensive workforce funding strategy to complement WIOA.  
Optimize the use of Governor's Reserve Funds by financial planning  
Supplement existing program funding  
Seed innovative programs



## Training and Services

Strengthen eligibility requirements for the ETPL  
Establish high standards for WIOA programs  
Implement data-driven quality reviews for training providers  
Tailor training and services to individuals with barriers to employment



# Policy Opportunities to Consider



## Governance

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# NGA Technical Assistance to Arizona

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## **Eligible Training Provider List (ETPL) Governance:**

- NGA memo provides an overview and examples of innovative processes and procedures governing eligibility and maintenance for the eligible training provider list through a comprehensive scan of state board ETPL policies

## Registered apprenticeship:

- NGA memo outlines best practices for developing and scaling nursing apprenticeship programs as well as industry-agnostic policy opportunities to consider based on an inquiry to NGA's state network

## Sector Partnerships:

- NGA memo provides research on best practices to develop, fund and scale sector partnerships

# Eligible Training Provider List Governance

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- States are required to host and maintain a public list of training providers approved for federal funding under the Workforce Innovation and Opportunity Act
- Trends Across State Workforce Board Policies:
  - Eligibility Criteria and Performance Metrics
  - State versus Local Governance Structures
  - ETPL Format and Platforms
- Arizona High Impact Training Dashboard

# Developing and Scaling Apprenticeship

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- Case Study: Nursing Apprenticeships
- Policy Opportunities to Consider
  - Build strong relationships with employers
  - Consider current state regulations and coordinate with permitting/licensing entities
  - Develop local programs and leverage academic institutions and education system partners
  - Allocate funding to apprenticeship through state and federal funding sources

# Sector Partnerships

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## State Examples

- Future Ready Oregon
  - \$200 million workforce development package that braided American Rescue Plan Act (ARPA) and state dollars to fund a range of grant programs to support training programs, wraparound services, postsecondary career pathways, benefits navigators, and more.
- North Dakota Regional Workforce Impact Program
  - Provides funding to support locally-driven workforce development solutions that meet the unique needs of each region in the state. First round was funded through ARPA, second round through state general funds

## Policy Opportunities to Consider

- Utilize WIOA Governor's Reserve funds to seed innovative sector partnerships
- Identify opportunities to braid funding to support sector partnerships
- Leverage sector partnerships to validate career pathways, training programs, and credentials
- Empower a diverse range of intermediaries to convene sector partnerships
- Provide TA to local workforce boards to replicate best practices

# Questions?

## Contact Info

Jack Porter, [jporter@nga.org](mailto:jporter@nga.org)

Malena Dailey, [mdailey@nga.org](mailto:mdailey@nga.org)

# Council Strategic Priorities Workgroup Updates

Mark Gaspers, Chair



# Council Strategic Priorities

- **Priority 1: Increasing Registered Apprentices**
  - 5-year Goal: Increase the number of apprentices in indemand industries by 20% by June 2029.
- **Priority 3: High-Impact Training**
  - 5-Year Goal: Increase the percentage of Arizonans enrolled in high-impact training programs that lead to high-quality jobs by at least 60%.
- **Priority 4: Continuous Improvement**
  - Goal: Efficiently allocate funds to high-impact programs annual and develop dashboards to display programmatic funding across the State.



# #3 - Training Effectiveness Workgroup

- **Workgroup goal:**
  - **FY25:** Increase the percentage of Arizonans enrolled in high-impact training programs that lead to high-quality jobs by 5% by June 2025.
  - **5-Year:** Increase the percentage of Arizonans enrolled in high-impact training programs that lead to high-quality jobs by 60% by June 2029.
- **Key Accomplishments:**
  - Stakeholder engagement on both job seeker and local areas ARIZONA@WORK Adult Training Program Performance Rating Dashboards
  - Several feedback sessions and a comment period with LWDB Directors, ETPL Coordinators, Title I Service Providers, and Training Providers resulted in the following areas
    - Improved communication of definitions and methodology
    - Improved formatting for soon to be released dashboards.
- **Next Steps:**
  - Launch dashboards at Arizona Workforce Summit - June 17-18, 2025
  - ETPL governance best practice research from NGA and explore statewide policy - Workgroup will discuss NGA findings after summer break



# #4 - Continuous Improvement Workgroup

- **Workgroup goal:** Efficiently allocate funds and increase transparency.
- **Recapture and Reallocation Policy Development**
  - Drafted policy starting in December 2024
  - Three rounds of workgroup comments inc.
    - Public Comment closed May 6, 2025
  - CI Workgroup discussed May 13, 2025
  - Policy not moving forward at this time
- **Next Steps**
  - DES to provide Recapture and Reallocation Overview for PY23/FY24.



# #4 - Continuous Improvement Workgroup

- **Funding Allocation Policy for WIOA Title IB Adult, Dislocated Worker, and Youth Programs**
  - Effective Date: March 13, 2025
  - Funding allocation formula factors will remain in effect for three years beginning PY25/FY26. A review and approval of the funding allocation formula will occur every two years thereafter. The Workforce Arizona Council reserves the right to review its voted-upon methodology annually.
- **Implementation**
  - TEGL issued May 20, 2025
  - NOA expected in July, 2025
  - DES notifies Local Areas of funding allocations July, 2025



# Recapture & Reallocation Briefing for PY23/FY24 Statewide Initiatives Briefing

Tarry Haynie, Acting Compliance Team Manager, Department of  
Economic Security





OFFICE OF  
**ECONOMIC**  
**OPPORTUNITY**

## **DES Allocation Recapture & Statewide Initiatives**

# Timeline

## May Through October 1<sup>st</sup>

- Reverted funds analysis - Conduct analysis on expenditure data for LWDBs to identify which LWDBs are at risk of not fully expending their allocation.
  - The analysis is started in May and runs through the end of the grant cycle until final reports are received by August 15th. The grant runs through June 30<sup>th</sup>, and
  - A final reverted funds amount is determined based on the expenditures of LWDBs after closeout and by October 1st.
- Once the amount of non- expended funds has been determined on a LWDB basis, the recapture process begins.

## October 1<sup>st</sup> Through January 1<sup>st</sup>

- The State determines the amount of funds to be reallocated by no later than Oct. 1.
- Identify the funding needed for statewide activities and projects, including Workforce Arizona Council endorsed projects and Governor initiatives (i.e. Registered Apprenticeship, Re-Entry, AJC)
- Council votes on the plan to re-allocate to eligible LWDBs within 60 days of fund recapture.
- DES distributes re-allocated funds to LWDBS no later than Jan. 1
- Recaptured funds must be spent by June 30th of the third year of availability

# Projected Surplus

- Projections as of 05/21/2025 for PY23/FY24

Program	Youth	Adult	DW	Admin	Total
City/County	\$ 298,067	\$ 25,637	\$ 3,274,613	\$ 304,793	\$ 3,903,110
Tribal	\$ 791,223	\$ 735,445	\$ 327,032	\$ 35,640	\$ 1,889,340
Total	\$ 1,089,290	\$ 761,083	\$ 3,601,645	\$ 340,432	\$ 5,792,450

- These are **preliminary projections** based on a consistent formula applied based on Local Workforce expenditure data.
- These projections can, and will change significantly over the rest of the life of the grant (06/30/25).
- LWDA's will have the opportunity to expend until June 30<sup>th</sup> with final reports being required by August 15<sup>th</sup>.
- Recent years have seen recaptured funds declining, with this year's projections being the first time we have seen an increase in projected recapture since PY19/FY20.

# Statewide Initiatives

To strengthen the workforce development system in Arizona, we support multiple initiatives focused on creating a skilled and adaptable workforce in order to meet the current and future needs of employers and the state's economy.

- **Reentry program and Second Chance Centers** provide incarcerated and recently-released Arizonans with a variety of employment supports to prepare reentry job seekers for Arizona's workforce through pre- and post-release workforce readiness preparation. (Council Priority #5)
- **The WIOA Registered Apprenticeship Program** is an industry-driven, high-quality career pathway program that provides participants with a combination of technical classroom instruction and on-the-job learning for a range of positions, from entry-level to management. (Council Priority #1)
- **Arizona Job Connection (AJC)** is a web-based job-matching and labor market information system that provides job seekers, employers, and training providers with tools that support a wide range of activities. (Council Priority #2 and 4)
- **The WIOA State-Wide Rapid Response Program** provides prompt layoff transition support and reemployment services to employers and employees affected by workplace layoffs and closures. (Council Priority #4 and 5)
- **OEO** provides support for staffing and various OEO managed projects, including a Economic, Demographic, and Labor Market Summit and an Annual Workforce Summit.

# Reentry Program and Second Chance Centers

<b>Council Strategic Priority Alignment:</b>	Priority 5: Enhance Services to Priority Populations
<b>Funding Requested:</b>	\$3.2M
<b>Funding Period:</b>	SFY 2026; July 1, 2025 - June 30, 2026
<b>Summary of Planned expenditures:</b>	Headcount is expected to increase from 27 staff to 32 staff members to allow for improved program efficiency and greater number of individuals obtaining employment.
<b>Metrics:</b>	Strategy effectiveness is measured by percentage of individuals served that obtain employment; specifically, the current goal is to maintain 50% success rate employing individuals served through Reentry.
<b>Long-Term Goal(s):</b>	Reentry 2030 initiatives expanding bring potential for Arizona Department of Corrections to increase participation at Second Chance Centers (SCC) - an increase in SCC enrollment would lead to increased participation in Community Reentry, requiring continued planning for service scalability.
<b>Objective(s) for funding period:</b>	Increase headcount to maintain employment placement goals; collaborate with Arizona Department of Corrections to launch a youth program at Lewis Prison.

# Registered Apprenticeship Program

<b>Council Strategic Priority Alignment:</b>	Priority 1: Increasing Registered Apprentices
<b>Funding Requested:</b>	\$350K - \$950k
<b>Funding Period:</b>	SFY 2026; July 1, 2025 - June 30, 2026
<b>Summary of Planned expenditures:</b>	Develop collaborative events to facilitate enrollment in the Registered Apprenticeship program; maintain current staffing levels for efficient and effective service delivery.
<b>Metrics:</b>	Overall enrollment; job placement outcomes as a percentage of overall enrollment
<b>Long-Term Goal(s):</b>	Expand the number of active apprentices to 9,300 while supporting high quality, sustainable programs; develop new non-traditional programs in key industries
<b>Objective(s) for funding period:</b>	Retain high-quality Registered Apprenticeship staff for exceptional service delivery and program management

# Arizona Job Connection (AJC)

<b>Council Strategic Priority Alignment:</b>	Priority 2: Workforce Evaluations; Priority 4: Continuous Improvement
<b>Funding Requested:</b>	\$200K
<b>Funding Period:</b>	SFY 2026; July 1, 2025 - June 30, 2026
<b>Summary of Planned expenditures:</b>	System and hosting costs for the Arizona Job Connection (AJC), which is a web-based job-matching, labor market information, and case management system that provides job seekers, employers, and training providers with tools that support a wide range of activities.
<b>Metrics:</b>	
<b>Long-Term Goal(s):</b>	Maintain compliance with the Single System of Record for all Workforce Program as required by the US Department of Labor.
<b>Objective(s) for funding period:</b>	This provides for the automated system and covers the required function for the Local Workforce Development Areas without impacting their Administrative funds.

# WIOA Statewide Rapid Response Program

<b>Council Strategic Priority Alignment:</b>	Priority 4: Continuous Improvement; Priority 5: Enhance Services to Priority Populations
<b>Funding Requested:</b>	\$750K
<b>Funding Period:</b>	SFY 2026; July 1, 2025 - June 30, 2026
<b>Summary of Planned expenditures:</b>	Staffing and operational costs of the 5 member ADES RR team, plus 2 additional staff to support the two Rapid Response Mobile Resource Units
<b>Metrics:</b>	Utilization of the Rapid Response Mobile Resource Units.
<b>Long-Term Goal(s):</b>	Increase utilization of the Rapid Response Mobile Resource Units, which will be used to conduct statewide Rapid Response and Layoff Aversion activities, especially in areas in high demand for workforce reduction support due to mass layoffs, business closures, natural disasters, or demographic shifts.
<b>Objective(s) for funding period:</b>	Carries out statewide rapid response activities and oversees rapid response activities undertaken by designated entities, which includes the Local Workforce Development Boards (LWDBs). Provides prompt layoff transition support and reemployment services to employers and employees affected by workplace layoffs and closures.

# Office of Economic Opportunity (OEO)

<b>Council Strategic Priority Alignment:</b>	Priority 1: Increasing Registered Apprentices; Priority 2: Workforce Evaluations, Priority 3: High-Impact Training; Priority 4: Continuous Improvement; Priority 5: Enhance Services to Priority Populations; Priority 6: Governance and Compliance.
<b>Funding Requested:</b>	\$1.1M
<b>Funding Period:</b>	SFY 2026; July 1, 2025 - June 30, 2026
<b>Summary of Planned expenditures:</b>	Planned expenditures will cover OEO's staff support for the Workforce Arizona Council, business linkage to the Public Workforce System, and the development of industry-sector partnerships, coordinating with local workforce areas on regional labor market needs. Includes (\$175K) for workforce summit and \$78.5K for council budget.
<b>Metrics:</b>	Industry-recognized credentials in in-demand industries by 20%; Increase the percentage of Arizonans enrolled in high-impact training programs that lead to high-quality jobs by at least 60%; Publish 15 workforce evaluation reports.
<b>Long-Term Goal(s):</b>	Grow the number of individuals earning industry-recognized credentials in in-demand industries by 20%; Increase the percentage of Arizonans enrolled in high-impact training programs that lead to high-quality jobs by at least 60%; Publish 15 workforce evaluation reports.
<b>Objective(s) for funding period:</b>	The objectives are to strategically implement and administer statewide workforce development. This includes supporting the creation and execution of the state workforce plan (with OEO data and staff assistance to the Workforce Arizona Council), continuously improving the workforce system through performance accountability, coordinating the one-stop delivery system, and developing a comprehensive labor market information system. Additionally, the objectives cover administering WIOA Title I activities and deploying Rapid Response services for dislocations and reemployment.



# Questions?

# Annual PY23 State Performance Assessment

Anna Hunter, Assistant Director, Division of Employment  
and Rehabilitation Services &

Matthew Smith, Strategic Operations Manager, DES



# PY2023 WIOA State Performance Assessment

## Overview

- WIOA state performance is assessed annually (WIOA Section 116)
- Measure success or failure to meet the primary indicators of performance
- Assessment results provided via web-based report ([Arizona PY23 State Performance Assessment](#))

## PY2023 Assessment Summary (Training and Employment Notice 04-24)

- Titles I, III and Title IV
  - 2nd and 4th Quarter after Exit Employment Rates
  - Median Quarterly Earnings, 2nd Quarter after Exit
- Title I and IV only
  - Credential Attainment Rate
- Title III only
  - Overall State Program Score
- Title II: Not assessed



# Arizona PY2023 State Assessment Results

Individual Indicator		Title I			Title III	Title IV
		Adult	Dislocated Worker	Youth	Wagner - Peyser	Vocational Rehabilitation
Employment Rate 2nd Quarter after Exit	Actual Level	72.7%	78.6%	74.0%	60.3%	53.0%
	Adjusted Level	79.9%	81.2%	82.7%	74.9%	43.7%
	<b>Indicator Score</b>	<b>90.9%</b>	<b>96.7%</b>	<b>89.4%</b>	<b>80.5%</b>	<b>121.2%</b>
Median Quarterly Earnings 2nd Quarter after Exit	Actual Level	\$9,573	\$10,127	\$6,970	\$8,398	\$4,706
	Adjusted Level	\$8,653	\$9,796	\$5,780	\$8,480	\$5,220
	<b>Indicator Score</b>	<b>110.6%</b>	<b>103.3%</b>	<b>120.5%</b>	<b>99.0%</b>	<b>90.1%</b>
Employment Rate 4th Quarter after Exit	Actual Level	69.1%	73.8%	74.4%	59.2%	49.6%
	Adjusted Level	77.2%	79.2%	79.5%	69.5%	43.4%
	<b>Indicator Score</b>	<b>89.5%</b>	<b>93.1%</b>	<b>93.6%</b>	<b>85.2%</b>	<b>114.4%</b>
Credential Attainment Rate	Actual Level	72.6%	70.7%	63.3%	N/A	24.7%
	Adjusted Level	74.3%	67.5%	68.2%		34.4%
	<b>Indicator Score</b>	<b>97.7%</b>	<b>104.7%</b>	<b>92.8%</b>		<b>71.8%</b>
<b>Overall State Program Score</b>						
		Not assessed	Not assessed	Not assessed	<b>88.2%</b>	Not assessed

# Title III - Wagner-Peyser Employment Service

**Employment Service** provides basic and individualized career services to job seekers and recruitment services to Arizona employers through self-service, facilitated self-help services, and staff-assisted services at job centers. No specific eligibility requirements; services are available at no cost to the public.

**Services Offered to Employers:** Employer information and support services, Workforce recruitment assistance, Access to untapped labor pool, Access to work-based learning, Workforce reduction assistance

**Services Offered to Job Seekers:** job search assistance, resume preparation, interview preparation, one-on-one employment assessments, job referral and placement assistance, labor market information

**Served (PY2023):** 53,000+ participants (includes Reemployment Services and Eligibility Assessment, Jobs for Veterans State Grant, and Reentry)



# Performance Factors

## Statistical Adjustment Model

- Negotiations and Adjustment
  - Adjusted Level = Negotiated Level + Adjustment Factor
  - Adjustment Factor = Post-program model estimate - Pre-program model estimate
- Economic Conditions
  - Pre-program model: Unemployment Rate = 6.6% (Ave. of July 2020 - June 2021)
  - Post-program model: Unemployment Rate = 3.9% (2022 - 2023)

## System Issue

- Automated UI Wage Matching issue identified
- Impacted over 2,000 individuals
- Resolved (April 2025)

## Supplemental Wage Collection

- Manual wage data when automated process unavailable
- Any unsubsidized employment can be counted



# Performance Improvement Plan and Actions

## Quality of Service

- “Better-than-before” jobs
- Business Services and Job Retention
- Development opportunities and career preparation

## Data Quality

- Resolved automated wage matching issue
- Quarterly performance data review
- Supplemental Wage Collection

## Targeted Outreach

- Allocate resources to individual cohorts impacting performance
- Early identification of potential negative outcomes



# Council Member Roundtable



# **REMINDER:**

# **Full Council Meeting 9/18/2025**

Hybrid Meeting (Zoom) & In-Person:  
**1700 W Washington Street**  
**2nd Floor Conference Room**



# Thank You!





Innovative Workforce Solutions

## WORKFORCE ARIZONA COUNCIL Q1 Executive Committee Meeting Minutes

Thursday, March 13, 2025 | 1:00 pm – 3:00 pm  
Virtual Meeting

<https://us02web.zoom.us/j/84212880079?pwd=iBFY6D91KkWUORbdAkDS1KY4NbHF1g.1>

Meeting ID: 842 1288 0079 Passcode: 472204

### Welcome & Call to Order, Chair Mark Gaspers

The Workforce Arizona Council Q1 2025 Full Committee Meeting is called to order at 1:02 pm.

### Roll Call, Deseret Romero

**Attending:** Chair Mark Gaspers, Vice Chair John Walters, Michael Wisheart, Kristen Mackey, Michelle Bolton, Alisa Wren, Bill Ruiz, Debra Margraf, Dennis Anthony, Ian O'Grady, Jackie Elliot, Jeff McClure, Jenna Rowell, Jim Corning, Josh Despain, Regina Romero, Rose Castenaras, Alex Horvath, and Sean Hutchinson

**Absent:** Justin Wilmeth, Beverly Wilson, Danny Sieden, Thomas Winkle, Karla Moran, Sandra Watson, Larry Hofer, Daniel Witt

### Call to the Public, Chair Mark Gaspers

Chair Gaspers opened the call to the public. No members of the public spoke.

### Thank You and Welcome: Executive Committee Member Transition, Chair Mark Gaspers

- a. Farewell: Larry Hofer, Regional Vice President HR, Cox Communications
- b. Welcome: Rose Castenaras, President, TSMC
- c. Welcome: Alisa Wren, Sr. Mgr. Talent Acquisition, Freeport-McMoRan
- d. Welcome, Director Wisheart, Director, Department of Economic Security

Chair Gaspers took a moment to recognize Council Member Larry Hofer, who has been an invaluable member of the Council for many years. Larry Hofer's dedication, leadership, and insights have made a lasting impact on our work. His commitment to workforce development has been truly commendable, and we are incredibly grateful for his time and service. On behalf of the entire committee, thank you for everything, and we wish you all the best.

Chair Gaspers announced three new members to the Full Committee, with each providing a short bio —

\*Rose Castenaras, President of TSMC. We're excited to have you join our Council, and want to thank TSMC for investing in Arizona and bringing a high number of quality jobs to our state.

\*Alisa Wren, Sr. Mgr. of Talent Acquisition for Freeport-McMoRan. We're glad to have you join the Council representing such an important industry sector to our state deeply rooted in a rich history of mining.

\*Michael Wisheart, Director, Department of Economic Security. Director Wisheart brings a wealth of experience to the Council, and we're excited about the fresh perspective and leadership he will bring to our work.

We look forward to working with all of you and seeing the impact of your contributions on this Council. Welcome to the team!

**Approval of Consent Agenda**, Chair Mark Gaspers

- a. 11.21.2024 Meeting Minutes
- b. Local Plans (Coconino LWDB, Santa Cruz LWDB, Yavapai LWDB)
- c. City of Phoenix LWDB Membership Vacancy Extension

**Motion:** Chair Gaspers called for a motion to approve the Consent Agenda. Vice Chair John Walters made a motion; Jackie Elliott seconded the motion.

**All in Favor Vote Held:**

**In Favor:** Chair Mark Gaspers, Vice Chair John Walters, Michael Wisehart, Kristen Mackey, Michelle Bolton, Alisa Wren, Bill Ruiz, Debra Margraf, Dennis Anthony, Ian O’Grady, Jackie Elliot, Jeff McClure, Jenna Rowell, Jim Corning, Josh Despain, Regina Romero, Rose Castenaras, and Sean Hutchinson

**Opposed:** None

Motion Passed

**OEO Agency Updates**, Director Carlos Contreras

OEO Director Contreras thanked the Council's sponsors and highlighted the work of the Continuous Improvement Workgroup, the HIT Tiger Teams. Contreras also announced that capacity grant awardees for BuildItAZ of approximately \$1.1M would be announced later in the month, along with an update on the goals of the initiative, and the roll-out of an outreach marketing campaign targeting women in construction. Lastly, Contreras mentioned that Doug Walls had done short-term projections for the State of Arizona, which were posted on the website.

**2nd Vice Chair Election**, Chair Mark Gaspers

The Council held an election for a new 2nd Vice Chair, with Vice Chair John Walters nominating Council Member Michelle Bolton, who accepted the nomination. Ms. Bolton served on the Council representing Intel, and now has moved into her new role with Tenent Healthcare. Ms. Bolton gave a brief statement about her vision for the Council, emphasizing collaboration and building on past successes.

**Motion:** Chair Gaspers called for a motion to approve the nomination of Council Member Michelle Bolton to the position of 2nd Vice Chair. Vice Chair John Walters made a motion; Alex Horvath seconded the motion.

**Roll Call Vote Held:**

**In Favor:** Chair Mark Gaspers, Vice Chair John Walters, Michael Wisehart, Kristen Mackey, Michelle Bolton, Alisa Wren, Bill Ruiz, Debra Margraf, Dennis Anthony, Ian O’Grady, Jackie Elliot, Jeff McClure, Jenna Rowell, Jim Corning, Josh Despain, Regina Romero, Rose Castenaras, Alex Horvath, and Sean Hutchinson

**Opposed:** None

Motion Passed

-

**Financial Services Sector Strategy**, Vice Chair John Walter made introductions to the presenters. Dr. Brianna DeGeus, Dr. Sean Petty, Valerie Jones, and Daniel Barajas

Brianna DeGuess discussed the value proposition, Maricopa Community Colleges is the cornerstone of Arizona’s workforce development and a proven talent pipeline. We foster strong partnerships to help businesses meet their evolving workforce needs while equipping our students with the competencies

required to compete in today's job market. With a focus on training tailored to enhance productivity and maximize savings, we're committed to empowering both industry partners and students to thrive.

#### Aligning Community Colleges with Workforce Needs:

Daniel Barajas outlined a roadmap for bringing together industry, community colleges, and the workforce system to support the insurance and financial services sector, which has 170,000 jobs in the state. He presented a model that puts employers at the center, involving community colleges across Arizona to create tailored academic products and services. The model also includes government partnerships and adopts an employment agenda for students. The Maricopa Community College District is aligning its efforts with the Workforce Arizona Council's strategic plan, focusing on sectors such as financial services, healthcare, manufacturing, and information technology.

#### Micro-Credentials for the Financial Services Industry:

Daniel Barajas presented a model for micro-credentials, which are entry-level certifications that stack into a certificate of completion and can lead to associate's and bachelor's degrees. These credentials include technical skills, durable skills like communication and collaboration, and industry partnerships for validation.

Valerie Jones then discussed the partnership between Maricopa Community Colleges and Bank of America to create a micro-credential in the Securities Industry Essentials (SIE) curriculum, along with a sales and service badge. This program aims to provide students with the necessary skills for entry-level positions and career advancement in the financial services industry.

#### Community College Educational Program Costs:

This meeting segment discussed the costs and benefits of running educational programs at community colleges, particularly in Maricopa County. Sean Petty from Paradise Valley Community College explained that it takes significant resources and support structures to operate these programs, but they can move 250 students per institution through a program within 3 years, connecting them to well-paid industry jobs. Valerie Jones emphasized the importance of industry partners understanding and supporting these investments. The discussion then shifted to collaboration between urban and rural community colleges, with Daniel Barajas highlighting efforts to share resources and develop programs collectively across Arizona. The Council members expressed interest in expanding successful models like "Ready Tech Go" and emphasized the crucial role of employer involvement in designing effective training programs.

#### **Council Strategic Priority Workgroup Updates, Chair Mark Gaspers**

Chair Gaspers reviewed the Council Strategic Priorities

##### Priority 1: Increasing Registered Apprentices

- 5-year Goal: Increase the number of apprentices in demand industries by 20% by June 2029.

##### Priority 3: High-Impact Training

- 5-Year Goal: Increase the percentage of Arizonans enrolled in high-impact training programs that lead to high-quality jobs by at least 60%.

##### Priority 4: Continuous Improvement

- Goal: Efficiently allocate funds to high-impact programs annual and develop dashboards to display programmatic funding across the State.

#### **a. Increasing Apprentices**

Council Member Dennis Anthony reported on the Increasing Apprentices Workgroup's objectives and metrics, including expanding registered apprenticeship programs in Arizona, defining

in-demand industries, and developing sustainable strategies to grow and retain apprenticeships. He highlighted accomplishments such as sharing apprenticeship activities across agencies, completing Arizona fact sheets, and identifying key in-demand industries. Mr. Anthony also mentioned upcoming events like the BuildItAZ outreach campaign, and the Apprenticeship Summit and Fair in April. He provided a link in the chat, encouraging Council members to attend.

**b. Training Effectiveness**

Council Member Kristen Mackey discussed the Training Effectiveness Workgroup's focus on increasing the percentage of Arizonans employed in high-impact training programs, with key objectives including completing a multi-year strategy document and developing performance grading criteria for training programs. Local Workforce Development Boards to review the frequently asked questions document on training evaluations published on the OEO website. The NGA will provide research output on training effectiveness to be shared at the next Council meeting.

Ms. Mackey reported on the alignment of objectives by State agencies and the publication of a frequently asked questions document on the OEO website. She highlighted positive feedback and areas for improvement, including potential policy resistance and the need for a strong communication strategy. The preliminary framework for the multi-year strategy document was outlined, with the next steps involving training evaluations and data utilization. Ms. Mackey also expressed appreciation for the collaboration with NGA and the data team.

**Continuous Improvement Workgroup Recommendations, Vice Chair John Walters and Continuous Improvement Workgroup Members**

Vice Chair Walters and members of the Continuous Improvement Workgroup presented the progress on developing data-driven metrics for WIOA funding allocations. Their efforts have focused on optimizing resource distribution for the Local Workforce Development Boards' Adult, Youth, and Dislocated Worker programs. The recommendation is to transition to data-driven WIOA Funding allocation formulas.

The Workgroup shared their research, methodology, and recommendations for Council approval. Vice Chair Walters explained the objectives which included:

- Review Continuous Improvement Workgroup process
- Review and discuss funding allocations
  - Current challenges & proposed benefits of recommendations
  - WIOA requirements
- Review and discuss the proposed allocation methodology for:
  - Adult & Youth
  - Dislocated Worker
  - Rapid Response
- Vote for approval and recommendation of methodology and policy.
- Next Steps

Collaborative partners in the workgroup were DES, OEO, and WAC Members. There were three convenings from 12/18 - 1/29. The methodology included: research and best practices, methodology development, stakeholder engagement, implementation and communication. This resulted in key takeaways around data-driven decision-making outcomes, collaborative multi-agency efforts, national best practice integration, and stakeholder-informed solutions.

Arizona Office of Economic Opportunity Regulatory Economist Manny Estrella presented a brief background on the Department of Labor (DOL) funding allocation methodology. He explained that Arizona was getting an anticipated 10% decrease in funding, based on lower unemployment, census data on disadvantaged populations, and long-term employment trends. The council recommended using the discretionary formula for adult and youth sub-state allocations, with a 100% weight on excess poverty. For dislocated worker allocations, they suggested a 35% weight on unemployment concentrations, 15% on long-term unemployment, 15% on declining industries, and 35% on labor force data. For rapid response, they proposed continuing to withhold 25% of dislocated worker funds for rapid response activities, with 15% remaining at the state level and 10% dispersed to local areas. Arizona PY 2025 (July 1 2025 - June 30 2026) will see an approximate 10% decrease in funding (\$65,789.807) statewide due to our improved labor market.

Manny Estrella reviewed the Options: Adult & Youth Allocation, both Basic and Discretionary Formula.

### **Basic Formula**

Formula based on equal weights ( $\frac{1}{3}$  each) of the following factors:

- Areas of Substantial Unemployment (ASUs)
- Excess Unemployment (above 4.5%)
- Disadvantaged Adults & Youth

### **Discretionary Formula**

70% based on Basic Formula

30% based on weights of the following factors:

- Excess Unemployment (above state unemployment rate)
- Excess Poverty

### **Proposed Allocation Recommendations:**

- Adult Allocations: Discretionary formula with a 100% weight on adult excess poverty
- Youth Allocations: Discretionary formula with a 100% weight on youth excess poverty
- Dislocated Worker Allocations:
  - 35% weight on Unemployment Concentrations
  - 15% weight on Long-Term Unemployed Data
  - 15% weight on Declining Industries Data
  - 35% weight on Labor Force Data
- Rapid Response:
  - Withhold the allowable 25% of Dislocated Worker funding for Rapid Response activities
    - 15% for Statewide Rapid Response
    - 10% for Local Area Rapid Response, split evenly to mitigate funding decrease and provide equal opportunity for rapid response planning

Chair Gaspers then showed his appreciation for all the work that had been done by the Workgroup.

**Motion:** Chair Gaspers called for a motion to approve the presented Funding Allocation Formula Factors for an initial three years, and every two years thereafter with an option to review annually, to align with State Planning.. Debra Margraf made a motion; Michael Wisehart seconded the motion.

**All in Favor Vote Held:**

**In Favor:** Chair Mark Gaspers, Vice Chair John Walters, Michael Wisehart, Kristen Mackey, Michelle Bolton, Alisa Wren, Bill Ruiz, Debra Margraf, Dennis Anthony, Ian O’Grady, Jackie Elliot, Jeff McClure, Jenna Rowell, Jim Corning, Josh Despain, Regina Romero, Rose Castenaras, Alex Horvath, and Sean Hutchinson

**Opposed:** None

Motion Passed

### **Revisions to the Funding Allocation Policy Recommendations:**

Arizona Office of Economic Opportunity Policy and Research Manager Nancy Avina discussed the revisions to the funding allocation policy. They received good feedback throughout the process on sentence enhancement and defining terms for greater reader clarity. A request to include data sources on labor market data, and clarification around rapid response funding and inclusion of stakeholder feedback on the methodology process were noted.

- Funding Allocation Policy
  - Purpose:
    - To determine how federal funds from the Workforce Innovation and Opportunity Act (WIOA) are distributed across local areas, ensure that the money is allocated according to WIOA specific and other Council determined criteria like unemployment rates, demographics, and workforce needs (Role of the Council).
  - Proposed Revisions:
    - Expanded and refined background and general sections.
    - Expanded Allocation Formula section.
      - Breaking down Adult and Youth, and Dislocated Worker program formulas for more clarity.
      - Creation of a LWDA Allocation Determination section outlining detailed steps to determine annual allocations driven by objective data-driven factors and the latest economic condition information.

**Motion:** Chair Gaspers called for a motion to approve the presented Funding Allocation Policy. Vice Chair John Walters made a motion; Jackie Elliott seconded the motion.

**All in Favor Vote Held:**

**In Favor:** Chair Mark Gaspers, Vice Chair John Walters, Michael Wisehart, Kristen Mackey, Michelle Bolton, Alisa Wren, Bill Ruiz, Debra Margraf, Dennis Anthony, Ian O’Grady, Jackie Elliot, Jeff McClure, Jenna Rowell, Jim Corning, Josh Despain, Regina Romero, Rose Castenaras, Alex Horvath, and Sean Hutchinson

**Opposed:** None

Motion Passed

-

**Council Member Roundtable, Chair Mark Gaspers**

Brief discussions were provided by: Josh Despain, Jenna Rowell, and Sean Hutchinson. Chair Gaspers and Sean Hutchinson did commend the work of former Workforce Arizona Council Administrator, Stacey Faulkner and Workforce Arizona Council Deputy Administrator Kennedy Riley.

**Adjournment**, Chair Mark Gaspers

As a reminder, Thursday, May 29, 2025 will be the next Full Council meeting. This meeting will be in person and available via Zoom. The in person location will be at: 1700 W. Washington Street, Room 200, Phoenix 85007

**Motion:** Chair Gaspers called for a motion to adjourn the meeting. Debra Margraf made a motion; Alex Horvath seconded the motion.

**All in Favor Vote Held:**

**In Favor:** Chair Mark Gaspers, Vice Chair John Walters, Michael Wisehart, Kristen Mackey, Michelle Bolton, Alisa Wren, Bill Ruiz, Debra Margraf, Dennis Anthony, Ian O’Grady, Jackie Elliot, Jeff McClure, Jenna Rowell, Jim Corning, Josh Despain, Regina Romero, Rose Castenaras, Alex Horvath, and Sean Hutchinson

**Opposed:** None

Motion Passed

-

# Governance and Compliance

Governance and Compliance Advisor, Deseret Romero



# Compliance Overview & Next Steps

COMPLIANCE REQUIREMENTS			
2023	2024	2025	2026
	2024 LWDB JOB CENTER CERTIFICATION (3-Year Requirement)		
	2025 - 2028 LWDB LOCAL PLANS (4-Year Requirement)		
		2025 LWDB RECERTIFICATION (2-Year Requirement)	
			2026 TITLE IA MONITORING (2-Year Best Practice)
			COMPLIANCE REQUIREMENTS REVIEW (2-Year Best Practice)
			2027 LWDB LOCAL PLAN MODIFICATION (2-Year Requirement)



# LWDB Compliance Status Update



LOCAL WORKFORCE DEVELOPMENT BOARDS			
<b>2024 JOB CENTER CERTIFICATION</b>			
<b>COUNCIL APPROVED</b>		<b>EXTENSION REQUESTS</b>	
Arizona Tribal Workforce City of Phoenix Coconino County Maricopa County Mohave/La Paz Counties Pima County	Pinal County Northeastern Arizona Santa Cruz Southeastern Arizona Yuma County	Yavapai County	
<b>2025-2028 LOCAL PLANS</b>			
<b>COUNCIL APPROVED</b>		<b>EXTENSION REQUESTS</b>	
City of Phoenix Coconino County Maricopa County Mohave/La Paz Counties Pima County	Pinal County Santa Cruz Southeastern Arizona Yuma County Yavapai County	Arizona Tribal Workforce Northeastern Arizona	
<b>2025 RECERTIFICATION</b>			
<b>COUNCIL CONSIDERATION TODAY</b>		<b>EXTENSION REQUESTS</b>	
Maricopa County Mohave/La Paz Counties Pima County	Pinal County Southeastern Arizona Yuma County	Arizona Tribal Workforce City of Phoenix Coconino County	Northeastern Arizona Santa Cruz Yavapai County
<b>2027 LOCAL PLAN MODIFICATION</b>			
<b>*PLANNING IN PROCESS*</b>			



# 2025 LWDB Recertification

Deseret Romero, Governance and Compliance Advisor



# LWDB Recertification Overview

- **Purpose:**

Local Workforce Development Boards (LWDBs) must complete the recertification process by submitting required governance and compliance documents, signed by the LWDB Chair and Chief Elected Official, to certify their adherence to state and federal policies. The recertification requirements ensure proper oversight, transparency, and alignment with Workforce Innovation and Opportunity Act (WIOA) regulations, including membership composition, governance structures, service provider agreements, financial management, and open meeting law compliance.

- **Importance:**

Ensures that Local Workforce Development Boards (LWDBs) maintain compliance with WIOA\* regulations by establishing clear governance, financial oversight, and transparency standards. By meeting recertification requirements, LWDBs demonstrate accountability, support effective workforce development strategies, and foster public trust in the administration of workforce programs.

- **Scope:**

applies to all Local Workforce Development Boards (LWDBs) in Arizona, requiring them to complete the recertification process by submitting key governance, compliance, and operational documents. It encompasses membership structure, financial management, service provider agreements, policy development, and adherence to transparency laws to ensure LWDBs operate effectively within WIOA guidelines.

# LWDB Recertification Submission Policy

- **Key Policy and Compliance Requirements:**

Local Workforce Development Boards are tasked with the completion of the recertification requirements and signed recertification guide by the LWDB Chair and Chief Elected Official certifying the LWDB's official submission. The following includes the recertification policy requirements:

- LWDB Membership Roster
- List of Standing Committees and Committee Members
- Bylaws
- Consortia Agreement (if applicable)
- Shared Governance Agreement (including Organizational Chart)
- Service Provider Agreements
- Local Plan
- One-Stop Operator Procurement (including contract)
- Memorandum of Understanding/Infrastructure Funding Agreement
- Policy Development
  - Conflict of Interest
  - Training Services
- LWDB Oversight
- LWDB Management of Funds
- Sunshine Provision and AZ Open Meeting Law Requirements (NEW)
- Self-Assessment Checklist

\*[Workforce Arizona Council Recertification Policy](#)



# 2025 LWDB Recertification Timeline

DUE DATE	SCHEDULE
October 1, 2024	Timeline and Guidance Provided to LWDBs
Oct - Nov, 2024	1:1 Technical Assistance to LWDB Staff
<b>January 6, 2025</b>	<b>2025 LWDB Recertification Submissions DUE</b>
Jan - Feb, 2025	Council Staff Review
March 3, 2025	Council Staff to Provide Feedback to LWDBs
<b>April 1, 2025</b>	<b>Final Submissions Due</b> (Only if a LWDB is required to make any changes per feedback from Council staff.)
<b>April 17, 2025</b>	<b>Council Approval Consideration (Executive Council)</b>
<b>May 29, 2025</b>	<b>Council Approval Consideration (Full Council)</b>



# 2025 LWDB Recertification Recommendation

## RECOMMENDATION 2025 LWDB Recertification

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>● Maricopa County</li><li>● Mohave/La Paz Counties</li><li>● Pima County</li><li>● Pinal County</li></ul> | <ul style="list-style-type: none"><li>● Southeastern AZ</li><li>● Yuma County</li></ul> |
|---|---|



# Membership Vacancy Waiver Request

Deseret Romero, Governance and Compliance Advisor



# Membership Vacancy Waiver Request

- **Council’s Local Board Governance Policy**

- *“Vacancies. LWDB vacancies and reappointments must be filled within 120 days of vacancy. In the event a vacancy cannot be filled within 120 days, the CEO must request a waiver in writing to the Workforce Council Project Manager with an explanation of why a vacancy was not filled in the 120 day timeframe and a description of the process to fill the vacancy. The CEO must maintain written approval of the waiver request by the Council and will be monitored according to the process outlined in their approved waiver request.”*

- **Yavapai County Workforce Development Board**

- Board Membership Waiver Request
  - Business Seat (May 30, 2025)



# Job Center Certification (New Center)

Deseret Romero, Governance and Compliance Advisor



# LWDB Job Center Certification

- **Policy Goals:**

- Ensure ARIZONA@WORK job centers meet performance and operational standards.
- Foster continuous improvement and innovation in service delivery.

- **Key Policy and Compliance Requirements:**

Local Workforce Development Boards are tasked with the completion of the certification assessment tool and letter signed by the LWDB Chair and Executive Director certifying their comprehensive and affiliate sites to the Council. The following requirements are outlined in the assessment:

- Physical accessibility
- Programmatic accessibility
- Career services
- Business services
- Employment and training
- Youth measures
- Continuous improvement



# LWDB Job Center Certification

**RECOMMENDATION**  
**LWDB Job Center Certification**

Pima County  
Workforce Investment Board

“NEW CENTER”  
ARIZONA@WORK Youth Center  
175 W. Irvington  
Tucson, Arizona



3/3/2025

A proud partner of the  americanjobcenter network

Via Email: [deseret.romero@oeo.az.gov](mailto:deseret.romero@oeo.az.gov)

Mark Gaspers, Chair  
Workforce Arizona Council  
1400 West Washington Street, Suite 3300  
Phoenix, Arizona 85007

**Re: LWDB Membership Waiver Request**

Dear Chair Gaspers:

As identified in Workforce Arizona Council Policies, [Local Board Governance Policy \(Section IV \(A\)\(1\)\(g\)\)](#) and [Local Workforce Development Board Recertification Requirements Policy \(Section II \(B\)\(7\)\)](#) the Yavapai County Workforce Development Board (YCWDB) requests Workforce Arizona Council's approval of this LWDB Membership Waiver Request. As per Council's Local Board Governance Policy noted above, the following details are provided in order to fully meet this policy requirement.

The YCWDB has been unable to fill the Membership vacancy(s) identified below meeting the required 120 day vacancy requirement deadline, due to eight members of the YCWDB resigning or not seeking reappointment last year. Of those eight seats, only three remain to be filled. We have three individuals that are interested; however, they have not submitted their application packet yet.

Former Member Name	Seat Category	Term Start & End Date
Rich Ormond	Private	7/1/2023 - 6/30/2025
Anita Payne	Private	7/1/2023 - 6/30/2025
Jacob Tibi	Private	7/1/2023 - 6/30/2025

The YCWDB will fill the above membership vacancies and submit to Council staff according to Council policy and YCWDB bylaws by 5/30/2025. The YCWDB is asking for that much time because of when the next dates are scheduled for meetings.

Should you have any questions or require further information, please do not hesitate to contact Corey Christians, YCWDB Interim Executive Director directly at 928-830-5996 or via email at [corey.christians@yavapaiaz.gov](mailto:corey.christians@yavapaiaz.gov).

Thank you for the Workforce Arizona Council's consideration of this request.

Sincerely,



Corey Christians  
Interim Executive Director  
Yavapai County Workforce Development Board

cc: Stacey Faulkner, State Workforce Administrator, Office of Economic Opportunity  
Kennedy Riley, Deputy Workforce Administrator, Office of Economic Opportunity  
Mary Mallory, Chief Elected Official, Yavapai County Workforce Development Board  
Garth Bascom, Chairman, Yavapai County Workforce Development Board  
Deseret Romero, Governance and Compliance Advisor, Office of Economic Opportunity

April 2025

# Governors Reshaping Workforce Development: Turning WIOA Challenges into Workforce Solutions

## Authors

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### National Governors Association

Jack Porter  
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**Harvard  
Business  
School**

Managing the  
Future of Work



**HARVARD Kennedy School  
MALCOLM WIENER CENTER  
for Social Policy**

**THE PROJECT ON  
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**NATIONAL  
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## **About the Authors**

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We also thank Jeffery Jen, a Research Assistant at the Project on Workforce at Harvard University's Malcolm Wiener Center for Social Policy, for his contributions to the project analyzing background research, supporting and leading interviews, and conducting qualitative coding of the transcript interviews.

Thank you to Strada Education Foundation for supporting this research.

## **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](http://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](http://www.nga.org).

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# Executive summary

**The Workforce Innovation and Opportunity Act (WIOA) grants Governors significant authority to shape their state workforce systems.**<sup>1</sup> 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.**<sup>2</sup> 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.”*<sup>3</sup>

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.<sup>4</sup>

**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.<sup>5</sup> 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.<sup>6</sup> 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<sup>7</sup> and population size.<sup>8</sup>

**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.<sup>9</sup> 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 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

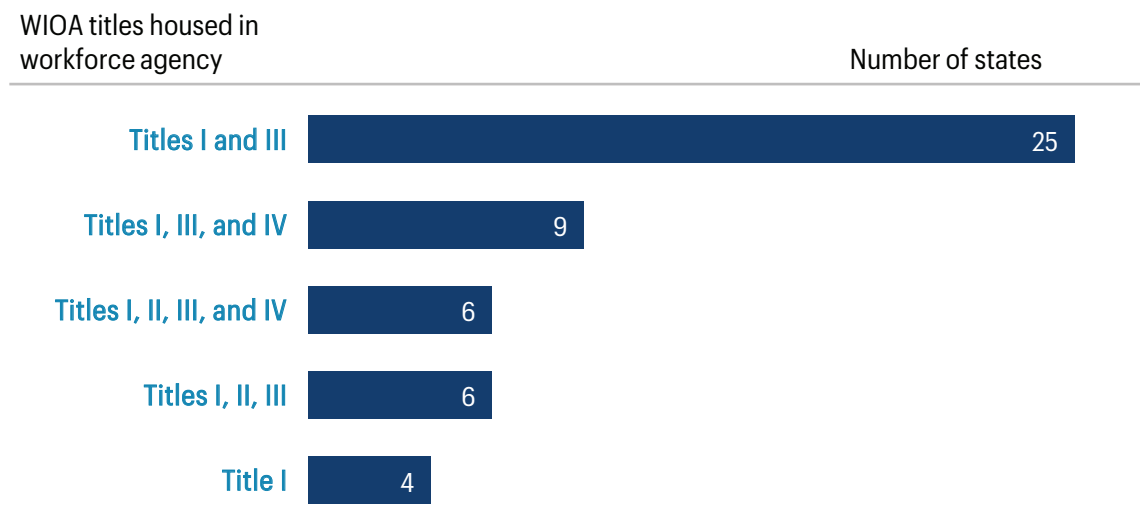
**More than half of states mentioned that organizational structure has a significant impact on how they address workforce challenges and implement programs.** Many Governors are working to change the roles of agencies and offices in distributing funding and developing workforce programs. Those changes 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.

**The existing diversity of state governance structures is evident in the varied distribution of WIOA title<sup>10</sup> management across state workforce**

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

**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 policy-making 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 inter-

views 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.<sup>11</sup> 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.<sup>12</sup> 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.<sup>13</sup>

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

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## 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.

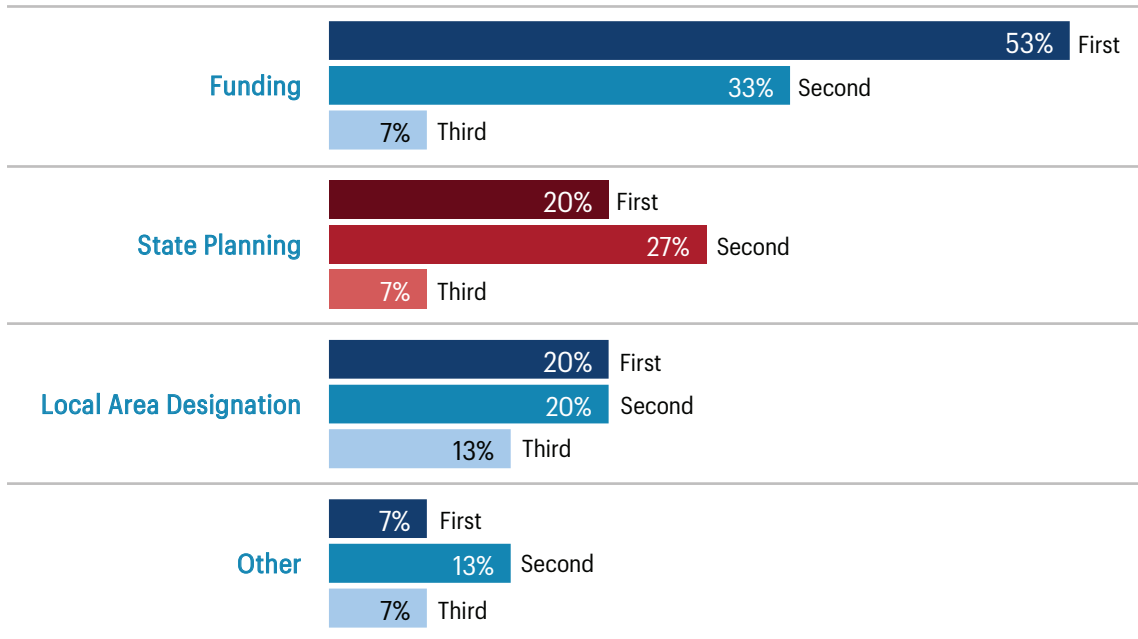
**Throughout the interviews, differences emerged in states’ approaches to integrating WIOA planning into broader state workforce strategies.** Advisors mentioned that the WIOA planning process is time consuming and resource intensive; it can take states more than a year to complete. Some advisors expressed frustration

that the plans are both long—often 200-500 pages<sup>14</sup>—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).<sup>15</sup> 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.<sup>16</sup>

## 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

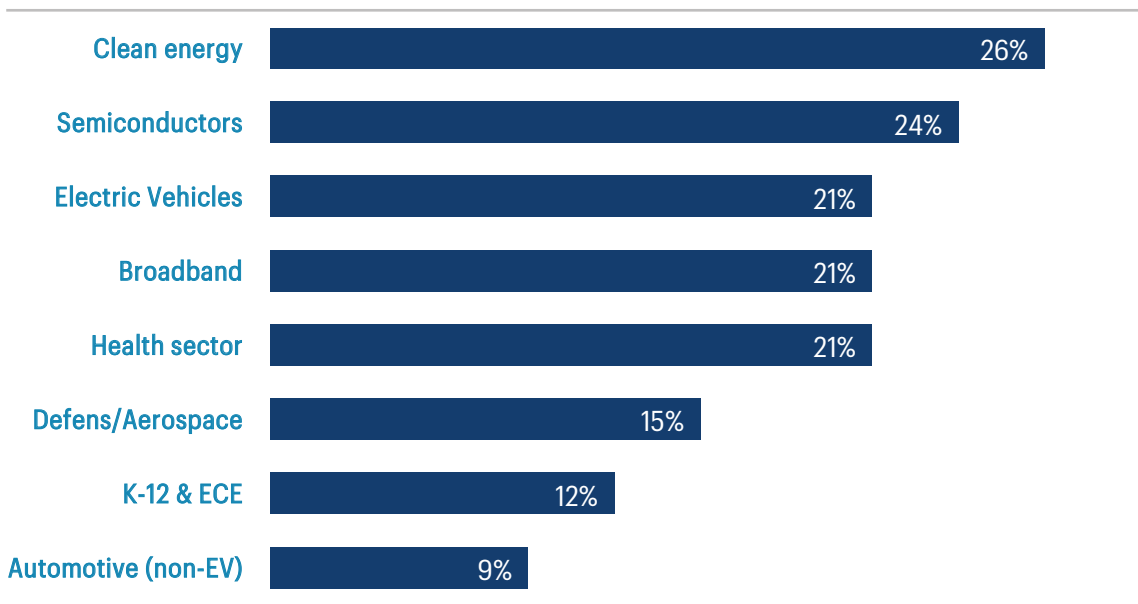
**State advisors emphasized partnering with industry as a core component of their state workforce strategy.** Governors are working closely with industry sectors such as technology, manufacturing, energy, construction, health, and education to address labor shortages and drive economic growth through 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,<sup>17</sup> 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,<sup>18</sup> 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.”<sup>19</sup>

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.<sup>20</sup> 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.<sup>21</sup> 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.<sup>22</sup> 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,<sup>23</sup> 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.<sup>24</sup> Similarly, individuals who are unemployed or not in the labor force are significantly less likely to have access to supportive services.<sup>25</sup> Transportation, along with childcare and other essential services, remains a major structural barrier to workforce participation.<sup>26</sup>

**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.<sup>27</sup> 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.<sup>28</sup> 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 recog-

nized 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.**<sup>29</sup>

WIOA outlines a set of required uses for the Governor’s Reserve Funds such as evaluation and data system management.<sup>30</sup> The law also outlines allowable uses, noting that up to 5% of the set aside may be used for administrative activities.<sup>31</sup> More than two-thirds (68%)<sup>32</sup> 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

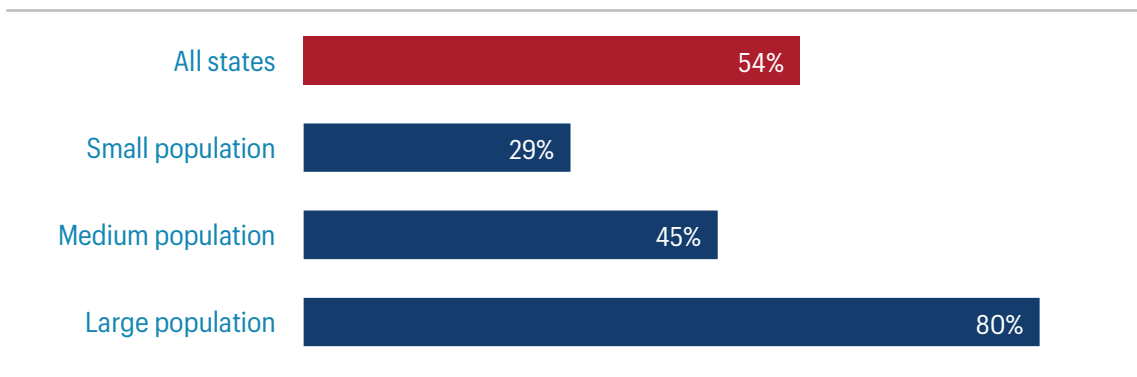
systems, others did not provide details. A quarter of states interviewed also described using their Governor’s Reserve Funds to fund Title I programming such as computer skills and English language courses and job search support. In those cases, states often acknowledged that the funds were being used 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,<sup>33</sup> 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

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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.<sup>36</sup>

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.<sup>37</sup> 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.<sup>38</sup>

## 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.<sup>34</sup> In comparison,

FY2024 WIOA appropriations totaled \$4.1 billion.<sup>35</sup> 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.<sup>39</sup> 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.<sup>40</sup> 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 initiatives 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.<sup>41</sup> 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%<sup>42</sup> A minority of youth apprentices

are high school students; only 2.7% of all youth apprentices were 18 or younger at registration in 2021.<sup>43</sup> 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.<sup>44</sup>

**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.<sup>45</sup> 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.<sup>46</sup> As states have shifted their focus to increasing labor force participation, they have begun to prioritize providing those supports.

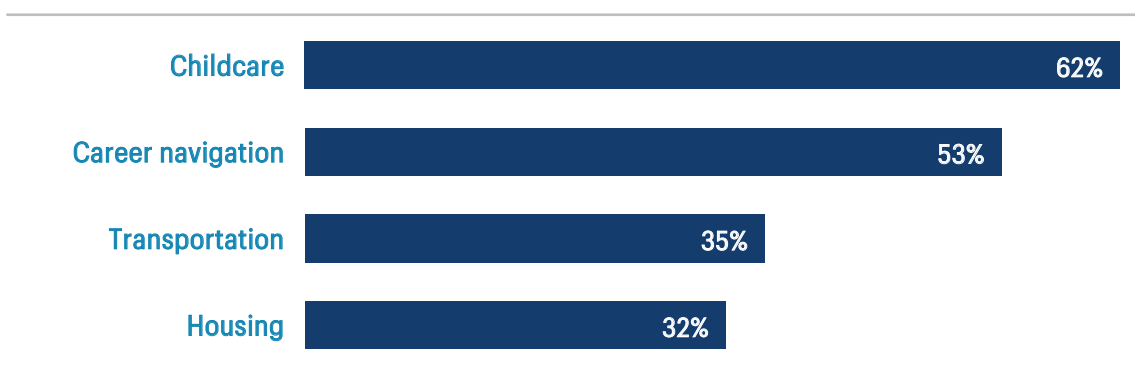
**States are increasingly focusing on addressing barriers like family care, transportation access, and affordable housing.** Career navigation was also raised as a critical tool to help individuals transition into the workforce and advance in their careers (see Figure 6). Several advisors discussed the importance of incorporating navigation into training programs or K-12 education. Kentucky 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.<sup>47</sup> Data suggest that a 10% decrease in

median childcare prices is associated with a 1% increase in maternal employment.<sup>48</sup>

**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.<sup>49</sup> Poor compensation and other factors, such as emotional and mental health challenges, contribute to the high stress that fuels high voluntary turnover.<sup>50</sup> U.S. Bureau of Labor Statistics data show that child care establishments have higher hiring and job vacancy rates than other sectors nationwide.<sup>51</sup> 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.<sup>52</sup>

**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.<sup>53</sup> 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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- 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.
- 16 “WIOA State Plan Portal,” WIOA Plans, accessed February 28, 2025, <https://wioaplans.ed.gov/>
- 17 Technology is subdivided into multiple sectors in Figure 3.
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- 27 “State and Territory WIOA Title I Allocations Since 2014,” *National Governors Association* (blog), December 4, 2023, <https://www.nga.org/advocacy-communications/state-and-territory-wioa-title-i-allocations-since-2014/>.
- 28 Bureau of Labor Statistics, U.S. Department of Labor, “High Unemployment and Employment-Population Ratio by State,” Bureau of Labor Statistics, March 5, 2025, <https://www.bls.gov/web/laus/lausthl.htm>
- 29 Of the 34 states represented in interviews, five advisors did not immediately identify how their state allocated their pool of Governor’s Reserve Funds. Additionally, one interview was cut short and the question regarding Governor’s Reserve Funds was not asked. Thus, Figure 5 displays responses from 28 states.
- 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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## MEMORANDUM

*To:* Arizona Office of Economic Opportunity  
*From:* National Governors Association Center for Best Practices  
*Re:* Creating and Scaling Apprenticeship Opportunities  
*Date:* May 19, 2025

### SUMMARY

In the preparation of this memo, NGA conducted a network inquiry to states which have developed apprenticeship programs in nursing occupations to request information related to the processes for developing programs and notable outcomes. Included are responses from Alabama, North Carolina, Tennessee and Wisconsin with best practices related to communication with state Board of Nursing, navigating regulatory requirements, and ensuring apprenticeship training is aligned with education systems and employers.

The results of the network inquiry are followed by additional policy options for scaling apprenticeship programs, which are not sector-specific. Policy options to consider include strategies for supporting employers and are composed of peer state examples, NGA publications, and additional resources.

### FEDERAL BACKGROUND

The National Apprenticeship Act of 1937 established the Registered Apprenticeship Program. Within the federal registered apprenticeship system, the U.S. Department of Labor (USDOL) or a USDOL recognized state apprenticeship agency is responsible for evaluating apprenticeship programs to determine compliance with [federal regulation and guidance](#) related to program design, worker protections, and other criteria including national wage, health and safety, and training hours standards and guidelines.

Apprenticeship is supported through a variety of federal funding streams, including annual appropriations through the Higher Education Act (HEA) and Workforce Innovation and Opportunity Act (WIOA). Additional federal support comes primarily in the form of grant programs administered USDOL. [Active grants through the USDOL as of May 2025](#) include:

- State Apprenticeship Expansion Formula (Round 3) - FOA-ETA-25-31
  - Provides base formula funding to all states that apply with additional opportunities for competitive funding
- Pathway Home 6 - FOA-ETA-25-29
  - Competitive grant to provide eligible incarcerated individuals with workforce services both prior to and following release
- Next Level Now Technical Assistance Collaborative – FOA-ETA-25-35
  - Competitive grant to provide technical assistance to workforce systems

Additionally, the Trump Administration's Executive Order on [Preparing Americans for High-Paying Skilled Trade Jobs of the Future](#), released April 23, 2025, includes a call to action for the Secretary of Labor, the Secretary of Commerce, and the Secretary of Education to submit plans to reach and surpass 1 million new active apprentices, prioritizing high-growth and emerging sectors and opportunities to align CTE and apprenticeship.

### STATE EXAMPLES OF APPRENTICESHIPS IN HEALTHCARE AND NURSING

This section is largely reliant on the responses to the NGA Center's inquiry. Alabama, North Carolina, Tennessee, and Wisconsin were each posed the following questions:

- What were some of the biggest barriers to developing a nursing apprenticeship program, and how did your team overcome them? What processes worked well in the development stage?
- What adjustments has your team made since launching?
- Are there any initial outputs/outcomes to showcase for nursing apprenticeship?
- What advice would you have for your state peers who are considering developing a nursing apprenticeship program?

## Alabama

In March 2022, the [Alabama Board of Nursing](#) began permitting and regulating the practice of Student Nurse Apprentices, creating a legal role for Registered Nurses to be trained under Registered Apprenticeship without eliminating the degree and licensure requirements associated with the RN qualification. The Apprentice Nurse Permit has helped enable the Alabama Office of Apprenticeship, institutions of higher education, and Alabama's healthcare employers to rapidly scale Nursing Registered Apprenticeship Programs since the permit's creation.

NGA held an informational call with the Alabama Office of Apprenticeship and discussed the following themes:

- Alabama found more success working with the Board of Nursing when bringing employers to the Board, rather than schools, who were interested in standing up and recruiting from apprenticeship programs.
- The role for the Office of Apprenticeship was to organize a collective voice of interested employers to bring to the Board of Nursing and advocating for a license for student nurse apprentices to be able to perform skills required for CNA training.
- Creating the Student Nurse Apprentice license allowed Alabama to better track apprentices because they were paid and managed through a different mechanism.
- The value proposition for hospitals includes that (1) apprentices are employees and will continue to be employees following training (2) employers are receiving productive work from apprentices. In Alabama, they've found many apprentices receive Pell or financial support that makes the cost of training to the employer minimal.
- Alabama has 750 apprentices working across 26 institutions

Network Inquiry Response:

- **What were some of the biggest barriers to developing a nursing apprenticeship program, and how did your team overcome them? What processes worked well in the development stage?**

Biggest initial barrier was getting employers to go to the licensing board to express their desire for a new approach. The licensing board is excellent and very forward thinking, but they rightly are responsive to their employer customers much more than to the education and government entities who started trying this push. Once the hospital and nursing home associations went to the board of nursing and asked for this to be developed, it took off. Then, it turned out, Alabama law did not allow for the ABN to create a nurse apprentice license. Since such a license is absolutely crucial to the plan, they and the employers went to the legislature to get the law changed to give the ABN the authority it needed. So, the answer to part two of the question is, get the employers and the licensing board lined up FIRST or you are wasting everyone's time.

- **What adjustments has your team made since launching?**

We've tweaked a thousand small things, but one big unexpected item was contracts hospitals put in place to lock employees in to working post-training. These have been around a long time before apprenticeship and many of them were downright predatory, IMHO. They were phrased in the form of loan agreements for large and arbitrary amounts. The employee would sign these as part of getting scholarship money to cover the cost of school. Then they'd be locked in for sometimes 3-5 years to work for that employer. Alabama has a policy that does not allow for an apprentice to incur debt for an apprenticeship. We had to have some tough conversations with employers about re-working those agreements. We put out a memo clarifying what would be allowed and what wouldn't. The short version; we allow work commitments roughly equal to the time the apprentice was in training and requiring pro-rated payback of the actual tuition costs if an apprentice leaves early.

- **Are there any initial outputs/outcomes to showcase for nursing apprenticeship?**

We have a ton of anecdotal information, but no defensible data yet. We have a PhD student completing an in-depth analysis of program outcome, retention rates, and other relevant info. All indicators are very positive. Biggest indicator to me is the employers, schools, and apprentices all love the program and we have a lot of repeat customers.

- **What advice would you have for your state peers who are considering developing a nursing apprenticeship program?**

Come see us or at least let us get on some coaching calls with you. We've had folks from other states come and travel sites with us and we've probably done at least a hundred calls with various states. The thing most of them get wrong is starting at the college end of the equation. Employers and licensing board FIRST. With the support of a Governor, the licensing board should be less of a challenge, but we didn't know until we started talking to other states that our board was so progressive in comparison to the norm.

## **North Carolina**

While there is not a statewide model for nursing apprenticeships, local partnerships in North Carolina support a [nursing apprenticeship program](#) which feeds high school pre-apprenticeship opportunities into registered apprenticeship positions.

Network Inquiry Response:

- 1. What were some of the biggest barriers to developing a nursing apprenticeship program, and how did your team overcome them? What processes worked well in the development stage?**

One of the biggest barriers to developing a nursing apprenticeship program was the fact that, at the time, North Carolina did not have an established youth apprenticeship pathway for Practical Nursing or Registered Nursing. Because of this, we had to work through the process of building the program within the state's apprenticeship system from the ground up. While this took time, the positive outcome is that now the framework exists for others across North Carolina to use, opening doors for similar programs statewide.

Another challenge was reaching a clear understanding with our employer partners regarding the roles and responsibilities of the nursing apprentices. We had to ensure that while apprentices would primarily serve as CNAs, they could take on additional duties if they obtained further

certifications. We also had to clarify that most of the required competencies for the apprenticeship would be completed through their formal clinical experience, rather than solely on the job site. Once the program was officially launched, we focused on building a clear structure for how the pre-apprenticeship and apprenticeship stages would operate. This involved outlining timelines, support systems, and how each phase would align with both academic and workplace expectations. Once those foundational processes were in place, the program moved forward much more smoothly and gained momentum quickly.

## **2. What adjustments has your team made since launching?**

Since launching the program, we haven't had to make major adjustments, as it has gone smoothly—particularly once we established clear program standards in partnership with our employers. One important enhancement we have made is expanding the apprenticeship to include both youth and adult participants, which has proven to be a highly successful and valuable addition. This broader inclusion has strengthened our talent pipeline and increased access to nursing career pathways for a wider range of individuals.

## **3. Are there any initial outputs/outcomes to showcase for nursing apprenticeship?**

The Surry-Yadkin Works nursing apprenticeship program is already showing strong initial outcomes. Several of our employer partners are now fully staffed thanks to the apprenticeship, which has helped address critical workforce shortages in healthcare facilities across our region. In addition to filling immediate staffing needs, many of our students are discovering long-term career paths in healthcare. Some have chosen to pursue roles such as respiratory therapy, allowing them to continue working with their current employer while furthering their education. This not only benefits the students by providing continued employment and experience, but also supports our local healthcare system by developing a more skilled and stable workforce.

## **4. What advice would you have for your state peers who are considering developing a nursing apprenticeship program?**

First, work closely with your state's apprenticeship agency to build a framework that fits your healthcare environment, especially if no nursing apprenticeship currently exists. It may take time to get the standards approved and aligned with state regulations, but once it's established, it can serve as a model for others across your state.

Second, build strong relationships with employer partners from the start. Set clear expectations about apprentice roles, certifications, and how clinical experiences will fulfill required competencies. When employers understand the value and structure, they're more likely to fully invest in the program—and in our case, several are now fully staffed thanks to the apprenticeship.

Lastly, be flexible with pathways. We found great success by opening our program to both youth and adults, and by supporting students who discover related careers like respiratory therapy. Helping students grow while continuing employment with their apprenticeship employer creates a win-win for everyone.

The key is to focus on long-term impact—this isn't just about filling jobs now, it's about building a strong healthcare workforce for the future.

**Tennessee**

The Tennessee Board of Nursing approved the [student nursing apprenticeships](#) as a pathway to nursing positions in November 2024. The Tennessee Hospital Association led the effort to create the pathway for improved collaboration between Tennessee healthcare organizations and academic institutions.

Network Inquiry Response:

**1. What were some of the biggest barriers to developing a nursing apprenticeship program, and how did your team overcome them? What processes worked well in the development stage?**

Barriers, Strategies, and Processes:

- Technical Jargon (journeyman/mentor/preceptor)
  - Provide clear explanations and real-world examples, and use visual aids
  - Engage with knowledgeable experts across the country who can apply the apprenticeship model to the healthcare space
- Work-based Learning Models
  - Introduce the work-based learning continuum and present examples (internships, externships) and research, evaluate, and compare similar models to apprenticeship; reiterate why RA is considered the gold standard of job training programs
- Regional disparities
  - A focus on utilizing registered apprenticeship as a workforce strategy to improve healthcare access in rural areas and address systemic issues that contribute to the overall nursing shortage can help address concerns about disparities exacerbated by factors like geographic isolation and economic challenges in rural areas
- Process
  - Create a collaborative task force to increase knowledge and create buy-in; invite national models, employers, and apprentices to contribute to the conversations

**2. What adjustments has your team made since launching?**

TN SAA encourages interested sponsors to adopt the state's approved model endorsed by the Board of Nursing for the implementation of their student nurse RAP; create a detailed plan or toolkit to avoid pilot purgatory

Tennessee received approval from the Board of Nursing in late November last year. In January, the agency released a funding opportunity announcement for Rural Healthcare Initiatives. Since, we have adjusted metrics to measure impact but also allowing time for the student nurse apprenticeship to launch

Ongoing extensive engagement with apprenticeship experts and healthcare experts to create an effective model and support employers and academic agencies in implementation, especially since the BON's primary concern was related to the possible exploitation of future apprentices by employers

**3. Are there any initial outputs/outcomes to showcase for the nursing apprenticeship?**

Extensive work to evaluate and crosswalk accreditation standards in nursing and education with the apprenticeship model, ensuring standards and outcomes are not affected. This has taken extensive collaboration and socialization of the nursing apprenticeship model to create buy-in.

Additionally, creating a program at the state level to create standards and assist employers and academics with the foundations of a program.

**4. What advice would you have for your state peers who are considering developing a nursing apprenticeship program?**

Create engagement early, take time to address questions and concerns. Engage with academic and employers in other states that are currently doing apprenticeship in nursing. Understand that each state needs to “own” their development of the program. Engage with accrediting bodies, department of education, and board of nursing for input early.

Lastly, find your champions and have them help to lead the development of the model.

The Registered Nurse (RN/post-licensure) occupation was already an occupation approved on the federal level, so Tennessee’s Student Nurse RAP (pre-licensure) occupation simply repurposed the federal RN work process schedule. TN leveraged the current employers under the RN RAP. We were intentional about their involvement in the process, along with other influential healthcare facilities and hospitals. This was about an 8-month journey, and we would not have been successful without focusing on the employer's needs and benefits. It is vital for employers to approve the standard framework consisting of the on-the-job learning and related instructional materials for the student nurse apprenticeship, always keeping in mind that RAPs are customized to suit employers' needs while building out the instructional pieces with the post-secondary partners, which was the main challenge.

**Wisconsin**

In April 2023, the Wisconsin Department of Workforce Development launched a pilot [Registered Nurse \(RN\) apprenticeship pathway](#) to address the nursing demand in Wisconsin and provide students with an earn-while you learn opportunity. The new RN apprenticeship incorporates an associate degree and compliance with rigorous nursing industry certification standards.

Network Inquiry Response:

**1. What were some of the biggest barriers to developing a nursing apprenticeship program, and how did your team overcome them? What processes worked well in the development stage?**

Historically, accreditation bodies have required clinical experience in healthcare settings to be completed without compensation—an approach that runs counter to the "earn while you learn" philosophy of the Apprenticeship Model. Today, many—if not all—accreditation bodies offer exemptions for individuals under apprenticeship contracts, allowing them to be paid during clinical training. Achieving this shift required dedicated advocacy from our hospital partner and local technical college. This issue frequently arises in discussions about developing healthcare apprenticeships and is typically a key second or third step when establishing a new Registered Apprenticeship (RA) in the field.

**2. What adjustments has your team made since launching?**

No changes so far, we will review at end of year 3 to determine if pilot is expandable to non-teaching hospitals/university aligned system.

**3. Are there any initial outputs/outcomes to showcase for nursing apprenticeship?**

1 cohort of 16 started in 08/21/23, 2nd cohort of 14 started 08/19/24, Getting ready to bring on a third cohort August of 2025. No completions yet since only on year three, but zero cancelations so far.

#### **4. What advice would you have for your state peers who are considering developing a nursing apprenticeship program?**

Begin by developing the program locally, ideally in a region of the state that has a strong teaching hospital or a university-affiliated health system with the reputation of innovation and quality. It would be ideal for that hospital have prior experience with registered apprenticeships in roles such as Medical Assistant or Pharmacy Technician, as they will already have a foundational understanding of the apprenticeship model. That is your pilot hospital and champion once you decide to expand beyond a pilot.

When creating a degree aligned apprenticeship, keep in mind that these individuals work full time, it will take longer for a person to complete 60 credits of an associate's degree, that is why our 4 year RN program only requires a 60 credit AA degree and receiving certification via NCLEX board exam.

### **POLICY OPTIONS TO CONSIDER TO SCALE APPRENTICESHIP**

- **Consider offering tax credits or financial support to encourage employers to engage in the registered apprenticeship system.**
  - In Colorado, the [apprenticeship tax credit](#) provides a refundable state income tax credit up to \$12,600 per apprentice per income tax year for employers of Registered Apprenticeship Programs in “New and Emerging Occupations”.
  - In Alabama, policymakers allowed a tax credit for employers engaged in apprenticeship to sunset in 2024. Now, the state administers a “[Apprenticeship Expansion Incentive](#)” program, which reimburses employers for expenses like wages.
- **Where allowable, consider using WIOA and other federal funding to support training, placement in apprenticeships and supportive services.**
  - In March 2025, North Carolina Governor Josh Stein issued [Executive Order 11](#), which requires local workforce development boards to spend 6% of their Title I dollars on apprenticeship and pre-apprenticeship.
  - The Employment and Training Administration’s [Federal Resources Playbook](#) for Registered Apprenticeship outlines opportunities to support apprenticeship through WIOA, federal student aid, and the GI Bill.
- **Consider designating local staff to coordinate with employers and create talent pipelines in the region.**
  - Michigan employs [Apprenticeship Success Coordinators](#) to assist companies in developing and executing registered apprenticeships as well as connecting career seekers to apprenticeship opportunities. Each one of the 16 local Michigan Works! agencies have a local coordinator funded through a variety of state and federal dollars, including WIOA.
- **Consider encouraging academic institutions to recognize apprenticeships for credit towards postsecondary credentials and degrees.**
  - The [Apprenticeship Pathways to Earning a Bachelor’s Degree Act](#), signed by Rhode Island Governor McKee in June 2023, requires that “by January 1, 2024,

each state public higher education institution shall adopt policies establishing nontraditional pathways to earning a bachelor's degree at the state's public higher education institutions through the inclusion of credits earned through apprenticeships.”

- **Consider aligning education systems and the CTE system with apprenticeship opportunities to create occupational pathways, including youth apprenticeship.**
  - Students in Kentucky who take part in the [Tech Ready Apprentices for Careers in Kentucky \(TRACK\)](#) program begin the program in their junior year at an area secondary CTE center. After high school graduation, students have options to transition to the employer's apprenticeship and continue technical instruction at a community college to earn an associate of applied science degree.
  - Colorado Governor Jared Polis signed [Senate Bill 24-104](#), which charges the state apprenticeship agency with aligning the high school CTE system and the registered apprenticeship system. The legislation stipulates that, by July 2026, the state will expand aligned programs in at least one of the target industries – infrastructure, advanced manufacturing, education, or health care – with the other industries to follow.
- **Consider modernizing existing regulations to remove barriers to work-based learning opportunities.**
  - The [Alabama Board of Nursing](#) began permitting and regulating the practice of Student Nurse Apprentices in 2022 such that apprentices may perform skills listed on the Approved Skills Lists under the supervision of licensed nurses.
  - In [Ohio](#), laws restricting labor by minors explicitly exempts students participating in CTE, STEM, dual credit or apprenticeship programs, opening doors for more employers to bring in student apprentices.
- **Consider creating educational tools for employers to raise awareness of the value of apprenticeship programs.**
  - [Oregon](#) Apprenticeship has business case-studies as well as a publicly available return-on-investment calculator that calculates the financial impact that an apprentice can have on a business's bottom line.
- **Consider expanding opportunities for apprenticeships to fill open positions in public sector agencies.**
  - Colorado [Executive Order D 2022 027](#) instructs state agencies and departments to create new outcome goals around work-based learning, work with the Department of Personnel & Administration (DPA) to identify work-based learning opportunities to fill high-demand positions and identify funding opportunities to create registered apprenticeship programs within state government.
  - The North Carolina Department of Transportation's [Transportation Apprenticeship Program](#) partners with local community colleges to train engineering technicians.

## MEMORANDUM

*To:* Arizona Office of Economic Opportunity  
*From:* National Governors Association Center for Best Practices  
*Re:* Eligible Training Provider List Governance  
*Date:* May 19, 2025

### SUMMARY

Under the Workforce Innovation and Opportunity Act (WIOA), state workforce development boards, in coordination with state workforce agencies and local workforce development boards (LWDBs) and by direction of the Governor, set policies and procedures governing the administration and dissemination of eligible training provider lists (ETPLs). These policies are regularly updated, with every state having updated published ETPL policies and procedures since 2018. Of these, at least 18 states updated their policies in 2024.

In preparation of the following memo, NGA reviewed the ETPL policies of all 50 states and identified themes with related state examples for provider criteria, program criteria, performance metrics, inclusion of registered apprenticeship programs, ETPL governance procedures, and presentation of the list. Based on this analysis of peer state policy and procedures, we include eight policy options to consider.

### WIOA REQUIREMENTS

WIOA includes statutory requirements for the eligibility of training providers and metrics for program evaluation.

[20 CFR § 680.410](#) establishes that an Eligible Training Provider (ETP) must:

- Provide a program of training services;
- Be a higher education institution, entity carrying out programs under the National Apprenticeship Act, or another public or private provider of training services

Under [20 CFR § 680.450](#), the Governor must require providers and programs to provide verifiable program specific performance information. At a minimum, the criteria must require applicant providers to:

- Description of each program of training services to be offered;
- Information addressing a factor related to the indicators of performance, which include unsubsidized employment during the second quarter after exit, unsubsidized employment during the fourth quarter after exit, median earnings and credentials attainment;
- Description of whether the provider is in a partnership with a business;
- Other information the Governor may require in order to demonstrate high quality programs of training services, which may include information related to training services that lead to a postsecondary credential;
- Information that addresses alignment of the training services with in-demand industry sectors and occupations

[20 CFR § 680.490](#) establishes the performance and cost information that eligible training providers must provide for each program of training services. ETPs (except registered apprenticeship programs) must submit performance and cost information at least every two years. Program-specific performance information must include:

- Percentage of program participants who are in unsubsidized employment during the second quarter after exit of the program;

- Percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program;
- Median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- Percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent during participation in or within 1 year after exit from the program;
- Program cost information, including tuition and fees, for WIOA participants;
- Information on the program completion rate for WIOA participants;
- Additional performance information that the Governor determines to be appropriate to determine, maintain eligibility, or better to inform consumers.

[20 CFR 680.480](#) details mechanisms for a training provider losing eligibility, including inaccurately providing information to the state or violating any provision of title I of WIOA or the WIOA regulations. While states set their own appeal processes, statute requires the Governor to establish an appeals procedure for providers of training services to appeal a denial of eligibility that meets the requirements of [§ 683.630\(b\)](#).

Note that in previous years, the U.S. Department of Labor had granted [state waivers requests](#) to remove the obligation of eligible training providers to report performance data on all students in a training program, allowing states to collect and report data for only WIOA-funded participants in programs included on the ETPL. However, [as of January 21, 2025](#), no states are currently granted that waiver.

## STATE ETPL POLICY ANALYSIS

### *Eligible Training Provider Criteria*

WIOA establishes the types of ETPs that can be included on the ETPL ([20 CFR § 680.410](#)- see “WIOA Requirements” above). States like [Georgia](#) also establish legal and financial criteria for ETPs including that they must be current on all federal and state taxes and be in statutory compliance with state laws related to operation as a training education institution.

Several states, including [California](#), have established that all ETPs must comply with the Equal Opportunity and nondiscrimination requirements found in [Section 188 of WIOA](#) and provide information about the ETP’s partnership with business. States stressed compliance with the Americans with Disability Act and often required descriptions of how ETPs were working to provide training services to individuals in underserved and rural communities.

Several states have also established that ETPs must be licensed or certified by the appropriate governing board or agency to be placed on the ETPL for the purpose of establishing consumer protections. [Hawai’i](#) includes a section on licensing requirements, establishing that trade, vocational, or technical schools can be licensed by the Hawaii Department of Education.

### *Program Criteria*

Per [TEGL 8-19](#), the following programs are eligible for inclusion on the ETPL: occupational skills training, on the job training, incumbent worker training, programs that combine workplace training with related instruction, training programs operated by the private sector, skill upgrading and retraining; entrepreneurial training; job readiness training, adult education and literacy activities; customized training conducted with a commitment by an employer or group of

employers to employ an individual upon successful completion of the training. Training programs may be delivered in person, online, hybrid or in a blended format. Programs must lead either to an industry-recognized credential, a certificate of completion of a Registered Apprenticeship program, a license recognized by the state involved or the federal government, or an associate or baccalaureate degree.

For programs to be eligible for inclusion on the ETPL, states generally require a program description, information on the method of delivery, duration of the program, training location, program costs, and whether it leads to a credential or certification in an in-demand industry. Several states request additional information on training programs. For example, [Kansas](#) requires information on the type of financial aid offered, the refund policy, and if the program has a certified curriculum. Many states also require descriptions of the quality of the programs. For example, [Arkansas](#) requires that LWDBs evaluate the quality of the training program during the initial eligibility process, ensuring these programs are aligned with in-demand occupations.

### *Performance Metrics*

WIOA requires states to collect data from ETPs on six key performance indicators at least every two years ([20 CFR § 680.490](#)- see “WIOA Requirements” above). WIOA also allows states to require additional performance information that the Governor determines to be appropriate to determine, maintain eligibility, or better to inform consumers. States are also required to set minimum levels of performance for each of the six indicators for ETPs to maintain eligibility. Note that WIOA grants LWDBs to set higher levels of performance than those set by the state for programs to become or remain eligible in that local area.

Based on NGA’s analysis of state ETPL policies, very few set additional performance metrics for programs on the ETPL. [Vermont](#) requires ETPs to report on average earnings of program participants in addition to median earnings. Vermont also requires ETPs to report performance data on an annual basis, rather than the minimum biennial requirement in WIOA. [Colorado](#) requires ETPs to provide information on the postsecondary credentials that aligns with the Credential Transparency Description Language (CTDL) that allows for enhanced comparison of credentials between programs. [Alaska](#) assigns a point value to each performance indicator to weigh each metric in consideration of a program’s initial and continued eligibility with a minimum score required to become or remain eligible.

### *Inclusion of Registered Apprenticeship Programs*

All Registered Apprenticeship programs (RAPs) are automatically eligible to be included on the ETPL and Governors are required to establish a mechanism for RAP sponsors to be informed of their eligibility and provide consent to be included on the ETPL ([20 CFR § 680.470](#)). RAPs that opt in to inclusion on the ETPL are exempt from performance reporting requirements but may voluntarily provide performance data. All state ETPL policies indicate automatic eligibility for RAPs and require basic program information to be included on the ETPL consistent with federal regulation, such as name and location of the RAP sponsor and related instruction provider, occupations included in the RAP, RAP method and duration, and number of active apprentices. Additional federal guidance regarding coordination of RAPs and WIOA is available in [TEGL 13-16](#).

The process by which RAPs are notified and added to the ETPL varies across states. Some states have a regular cadence by which RAPs are notified of their eligibility. For example, [Missouri](#) indicates that the state will inform new RAPs of their ETPL opportunity every six months. Some states indicate a coordinated approach for outreach to RAPs regarding their eligibility and the benefits of inclusion on the ETPL. For example, [Idaho](#) indicates that the Idaho Department of Labor, the Idaho Workforce Development Council, and Idaho Business for Education are all engaged in helping RAPs understand the benefits of participating in the ETPL and making referrals to the state ETPL Coordinator.

### *ETPL Governance*

WIOA requires the Governor, in consultation with the state workforce development board, to develop a procedure for determining the eligibility of training providers and programs ([20 CFR § 680.450](#)). Local workforce development boards and training providers are also required to be consulted in the process.

Processes for approving initial eligibility of ETPs for inclusion on the statewide ETPL vary across states, with delegated roles often split between state workforce agencies and LWDBs. In many states, the first step for ETPs is an online application submitted through platforms supported by the workforce agency. In [Washington](#), for example, ETPs apply for initial eligibility to the state workforce board through the state's [online ETPL platform](#). Applications are reviewed by state workforce board staff during an annual review cycle and training providers which meet performance criteria are approved. In [Maryland](#), however, applications for initial eligibility are submitted online and, once received, forwarded by the WIOA Training Program Manager at the Maryland Department of Labor to a review team comprised of: the Maryland Department of Labor's WIOA Training Program Manager; the Maryland Department of Labor's Director of the Office of Workforce Development (or designee); and a representative of the Maryland Workforce Association. The policy requires the review team to review applications within 10 days of receipt.

In [Pennsylvania](#), LWDBs hold additional responsibility in processes for approval of initial eligibility. After ETPs submit an application with the Commonwealth Workforce Development System (CWDS), the application is referred to the appropriate local workforce development area(s) whose staff are given 30 days to review the application for compliance with state requirements, in addition to any requirements set by the LWDB. LWDB staff will either recommend approval or denial to the state workforce agency through CWDS or request further information from the ETP. If additional information is required, the LWDB will have an additional 15 days to either recommend approval or denial to the state workforce agency.

Once programs are included on the ETPL, policies set requirements for approval of continued eligibility and removal. Across states, it is most common for initial eligibility to last one year, with applications for continued eligibility being submitted to state workforce agencies every one or two subsequent years, or as changes to the program occur. Applications for continued eligibility include information required by WIOA ([20 CFR § 680.460](#)) as well as any additional state requirements and are reviewed by state or local staff. In [Oklahoma](#), for example, any modifications to programs must be reported to the local ETPL Coordinator. In [North Carolina](#) decisions related to continued eligibility are determined by the state.

Responsibilities for removal from the ETPL are also governed by both state and local boards. All states require removal from the ETPL for failure to meet performance metrics or provide accurate, required information. In [Tennessee](#), the decision to remove an ETP from the ETPL may originate from either the LWDB or the Tennessee Department of Labor and Workforce Development, but the LWDB is responsible for denying and revoking an ETP's eligibility.

Appeals are then directed to the LWDB. Once the LWDB reaches a decision on a request to appeal, providers may submit an additional appeal to the State ETPL office.

### *Appeals Processes*

Statute requires Governors to establish a procedure for appeals, which differ across states. In [Virginia](#), a training provider must first file a written appeal to the Director of WIOA Title I within 30 calendar days after the date of program denial or termination from the ETPL. This “First Appeal Request” must include grounds upon which the appeal is sought and supporting evidence. After receiving notice of the outcome of the first appeal request, the training provider has 10 business days to file a second level appeal by sending a request for a hearing to the Director of the Virginia Board of Workforce Development (VBWD). The VBWD requires that the individual who files the second appeal appear at the hearing to represent the training provider. Following the appeal, if a training provider is denied renewal on the ETPL for a substantial violation, the training provider must wait two years from the date of the final determination before reapplying to the ETPL.

While the VBWD holds appeals hearings in Virginia, other states designate outside entities to hear appeals cases. In [Missouri](#), an Appeal Board comprised of representatives from the Department of Higher Education and Workforce Development, the Department of Elementary & Secondary Education and a standing member from the Local Workforce Development Board(s) impacted has 30 days to evaluate requests to appeal. In [Maine](#), programs that have been denied WIOA eligibility may appeal in writing to the Division Director at the Maine Department of Labor within 30 days of the denial. The appeal must provide documentation on how the provider or program meet requirements for eligibility. The Bureau of Employment Services must hold a hearing within 30 days of receipt of the appeal and render a decision within 15 days from the date of the hearing.

### *ETPL Format*

Many state ETPLs are housed on the state workforce agency’s primary website or platform and include different information on each ETP in line with the goals of the state. In [North Dakota](#), the searchable provider list is housed under ND Workforce Connection (the state workforce agency) and includes information on the credential or outcome earned, location, and cost, format, and length of the program. In [Ohio](#), the Workforce Inventory of Education and Training is a separate online platform which provides a database of approved training programs, with indication of whether a program leads to a certification or qualification relevant to occupations determined by the state as being “in-demand”. [Michigan](#)’s MiTalent platform through the Michigan Department of Labor and Economic Opportunity also provides a searchable database of training providers and programs, with additional capabilities to select and download programs to compare additional details and metrics for programs of interest.

### *Provisions for Online Training Providers*

In [South Dakota](#), when applying for the ETPL, training providers must complete separate applications including required information and performance metrics for each training delivery style (online, in-person, hybrid). The [Rhode Island](#) Board’s ETPL Policy places additional requirements on online training, mandating programs using distance, online, web-based and/or virtual learning models must (1) have a mechanism for student interaction with an instructor or

instructors, (2) ensure periodic assessment of each student (3) describe the responsibilities of each party (training provider, participant) to the online learning experience, (4) have a mechanism in place for tracking student's participation in the ETPL Training program, (5) describe the technology needed to participate and assistance available to obtain technology and (6) have staff/personnel available to answer inquiries from the state.

## **POLICY OPTIONS TO CONSIDER**

- **Establish a definition for “quality” training programs.** This may include an existing statewide definition related to program or credential quality as well as additional factors that align program criteria with performance metrics and in-demand occupations. Provide training providers with this information as part of the program criteria in the ETPL policy and related application materials.
- **Align ETPL criteria with labor market data.** States may consider using in-demand sectors and occupations as criteria or considerations during the program approval process to ensure training programs are preparing apprentices for in-demand careers in the state. These criteria may be aligned with existing in-demand occupations lists that are utilized for other workforce programs and policies.
- **Set clear expectations for delivering programs to individuals with barriers to employment.** Ensure that providers understand the state's expectations for delivering programs to participants that face significant barriers such as individuals with disabilities and rural residents. Consider requiring providers to describe how they plan to serve individuals from these communities when they submit an application for initial eligibility and provide guidance and technical assistance to providers to ensure more uniform service delivery.
- **Develop a proactive process for including Registered Apprenticeship programs (RAPs) on the ETPL.** This may include developing a value proposition about the benefits of being included on the ETPL, establishing a regular cadence for notifying RAP sponsors and intermediaries about their eligibility, aligning outreach efforts among state agencies that engage with RAPs, and reducing the administrative burden for RAPs to provide the necessary information to be listed on the ETPL.
- **Establish ETPL performance metrics that support quality outcomes for participants.** Consider leveraging the Governor's authority to set additional performance metrics beyond those required by WIOA as an opportunity to align performance standards with the Governor's priorities. Additional metrics can also ensure enhanced accountability for providers to promote training that is aligned with labor market demand and effectively serves participants with barriers to employment.
- **Clearly define the roles of the state workforce development board, local workforce development boards, and the state workforce agency in ETPL governance.** Consider dedicating a portion of the ETPL policy to specify the role of relevant entities in administration, dissemination, and maintenance of the ETPL. This includes defining communication channels between local boards and state entities for processes such as determining or revocation of eligibility.
- **Designate an ETPL Coordinator or Office within the workforce agency.** Rather than the ETPL policy referring to state workforce agencies at large, states may consider defining one position or office to clarify individual responsibilities and communication channels between relevant state and local staff.

- **Use the ETPL to display additional data related to program quality and outcomes for participants.** Information such as program performance outcomes or labor market demand of credentials earned may be useful for jobseekers to evaluate whether a program is worth participating in. Providing additional information related to program quality and outcomes may also direct jobseekers to most effective training providers and programs.

## MEMORANDUM

*To:* Arizona Office of Economic Opportunity  
*From:* National Governors Association Center for Best Practices  
*Re:* Sector Partnerships  
*Date:* May 23, 2025

### SUMMARY

This memo contains information related to federal policy and funding related to sector partnerships as well as state examples of innovative sector partnership models. Based on the analysis of both federal policy and state models, we include several policy options to consider for developing and scaling sector partnerships.

### FEDERAL LANDSCAPE

Assisting local workforce areas in developing, convening, and implementing sector partnerships is a required use of the Workforce Innovation and Opportunity Act (WIOA) Governor’s Reserve Fund, and implementing innovative programs and strategies designed to meet the needs of all employers including sector strategies and sector partnerships is an allowable use of these funds [Sec. 132(a)(2)]. State workforce boards are also required to assist the Governor in developing “strategies for meeting the needs of employers, workers, and jobseekers, particularly through industry or sector partnerships related to in-demand industry sectors and occupations” [Sec. 101(d)(3)(D)]. The U.S. Department of Labor’s [sector strategies framework](#) provides additional information on implementing effective sector partnerships.

Federal investments can also catalyze the formation of sector partnerships. For example, [industrial policy](#) passed during the 117<sup>th</sup> Congress, including the CHIPS and Science Act, Infrastructure Investment and Jobs Act (IIJA), and Inflation Reduction Act (IRA), provided significant economic development investments that required a skilled workforce in the semiconductor, infrastructure, and energy sectors. While these legislative packages did not include a mandated role and dedicated funding for workforce development, they did provide an [opportunity](#) for state workforce systems to coordinate with interagency and private partners to ensure an adequate talent pipeline to capitalize on these federal investments, including sector partnerships.

### STATE EXAMPLES

#### *California High Road Training Partnerships*

Launched as a \$10 million demonstration project in 2017, the [California High Road Training Partnership](#) (HRTP) initiative is a statewide “industry-based, worker-centered” sector partnership model led by the California Workforce Development Board. Since 2017, California has invested over \$60 million in the initiative, which has grown to include partnerships in eight industries: healthcare, hospitality, transit, freight, water and wastewater, building operations, public sector, and transportation, distribution and logistics. In 2022, Governor Gavin Newsom [announced](#) the [High Road Training Fund](#) which leverages philanthropic funding to provide supplemental grants to HRTP awardees for infrastructure (seed capital and organizational capacity), program and participant support (supportive services and program delivery), and sustainability and scalability (stabilization services and policy advocacy).

#### *Colorado Sector Partnerships Network*

The Colorado Workforce Development Council coordinates and funds a [sector partnership network](#) that leverages WIOA Governor’s Reserve funding to support coalitions of employers and education, workforce development, economic development, and community organizations to address the workforce

and other competitiveness needs of their industry. The Council provides a suite of technical assistance resources to the partnerships, including a [framework](#) with clear criteria to guide the development and implementation of high-performing local and regional sector partnerships. The state's recognized career pathways are in turn developed out of their sector partnerships to ensure that education and training options are aligned with industry needs.

#### *Kentucky Healthcare Workforce Investment Fund*

Governor Andy Beshear [signed into law](#) the [Kentucky Healthcare Workforce Investment Fund](#) which incentivizes public-private partnership to address the state's shortage of licensed healthcare workers. Administered by the Kentucky Council on Postsecondary Education, the fund blends state, philanthropic, and private dollars (philanthropic and private contributions are matched dollar for dollar by state general funds) to provide scholarships for Kentucky residents enrolled in healthcare training programs through public-private partnerships, with prioritization for programs that increase access for underserved populations, increase diversity in the field, fill vacancies in the highest demand occupations, and serve small healthcare employers (50 or fewer employees). The fund will also provide program performance incentives based on criteria that consider demand for specific credentials, demand in historically underserved counties, program completion rate, exam passage rate, etc.

#### *Minnesota Drive for Five*

The [Minnesota Drive for Five](#) initiative establishes sector partnerships for the state's top five industries that are high-demand, high-growth, and lead to family-sustaining wages: technology, the trades, caring professions, manufacturing, and education. The initiative is supported by \$20 million for a three-pronged approach: competitive grants for employer-led education and training; competitive grants to chambers of commerce and business associations for employer engagement; and installing business services representatives in all local workforce development areas.

#### *North Dakota Regional Workforce Impact Program*

The North Dakota [Regional Workforce Impact Program](#) provides funding to support locally-driven workforce development solutions that meet the unique needs of each region in the state. The first round of the program (funded by the American Rescue Plan Act) required regional partners to develop one collaborative grant proposal for their region with a 25% match to launch or expand a broad range of initiatives, including skills-training, career exploration, housing, childcare, talent attraction, and more. The second round of the program (funded by state general funds) allows for multiple applications per region with a 25% match for a discrete number of activities: talent attraction, retention, training infrastructure, childcare infrastructure, and capital investments.

#### *Future Ready Oregon*

Championed by former Governor Kate Brown, [Future Ready Oregon](#) is a \$200 million workforce development package that braided American Rescue Plan Act (ARPA) and state dollars to fund a range of grant programs to support training programs, wraparound services, postsecondary career pathways, benefits navigators, and more. Future Ready Oregon also established three statewide industry consortia for the state's priority sectors (healthcare, technology, and manufacturing) which will be convened and coordinated by the Oregon Workforce and Talent Development Board. The consortia will establish strategic partnerships, address mutual industry goals, identify industry-specific workforce needs, develop targeted recruitment strategies, and promote workforce development programs and activities. The consortia will also advise the Board on strategic planning, policy, and investments for key industry sectors.

#### *Wyoming Innovation Partnership*

Governor Gordon created the [Wyoming Innovation Partnership](#) (WIP) to increase collaboration between state and local partners to align workforce development efforts with the state's economic development agenda. WIP invests in workforce development programs aligned with the state's targeted industries for economic development, including CTE programs, certificate programs, degree programs, apprenticeships, and internships. WIP is driven by a collaborative of public and private partners led by the Governor's office. The partners have quantified return on investment for their programs through an economic impact assessment of projected tax revenue, value-added to state GDP, and job creation.

#### **POLICY OPTIONS TO CONSIDER**

- **Utilize WIOA Governor's Reserve funds to seed innovative sector partnerships.** Capitalize on the flexibility of the allowable uses of the Governor's Reserve to support the formation of sector partnerships in new sectors or new regions.
- **Identify opportunities to braid funding to support sector partnerships.** In addition to the WIOA Governor's reserve, assess available federal, state, philanthropic, and private funding streams that can support the formation of sector partnerships and sector strategies.
- **Leverage sector partnerships to validate career pathways, training programs, and credentials.** Use the buy-in from employers participating in sector partnerships to ensure that career pathways, training programs, and credentials are aligned with current and future industry demand.
- **Empower a diverse range of intermediaries to convene sector partnerships.** Trusted organizations who can effectively facilitate discussion and drive toward action are key to successful sector partnerships. Intermediaries may include local workforce boards, chambers of commerce, business associations, community colleges, or an anchor employer.
- **Provide technical assistance to local workforce boards to replicate best practices.** Develop frameworks and other resources and host peer learning opportunities to elevate sector partnership best practices that can be replicated in regions across the state.

**Subject:** PY2023 Wagner-Peyser WIOA Performance Assessment

**Contents:**

- [Background](#)
- [Assessment Results](#)
- [Model Adjustment and Variable Analysis](#)
- [Performance Improvement Opportunities](#)
- [PY2024 Projections](#)
- [Attachment A: USDOL Report: Arizona PY 2023 Performance Failure - Required TA](#)

**Background:** WIOA core programs are assessed annually on the primary indicators of performance. In Program Year 2023, the Title III Wagner-Peyser Employment Service (WP-ES) program in Arizona failed one indicator, the **Overall Program Score**. The Overall Program Score is an average of the all **Individual Indicator Scores** for a given program.

- **Individual indicator score** is the proportion the actual level of performance represents of the adjusted level of performance for a single performance indicator for a single program. It is calculated by dividing the actual level of performance achieved by the adjusted level of performance ([20 CFR § 677.190\(c\)\(5\)](#) and [34 CFR §§ 361.190\(c\)\(5\)](#) and [463.190\(c\)\(5\)](#));
- **Overall state program score** is the average of the individual indicator scores for a single WIOA core program across performance indicators ([20 CFR § 677.190\(c\)\(1\)](#) and [34 CFR §§ 361.190\(c\)\(1\)](#) and [463.190\(c\)\(1\)](#));

Per [20 CFR 677.190\(d\)](#), A performance failure occurs when:

1. Any overall State program score or overall State indicator score falls below **90 percent** for the program year; or
2. Any of the States' individual indicator scores fall below **50 percent** for the program year.

**Assessment Results:**

[PY2023 Arizona State Performance Assessment](#)

Arizona - WIOA Title III Wagner-Peyser Employment Service Program							
Indicator	PY2023 Negotiated Level	Estimate <sup>0</sup> (Pre-PY 2023 Predicted Outcome)	Estimate <sup>1</sup> (Post-PY 2023 Predicted Outcome)	Adjustment Factor	PY2023 Adjusted Level	PY2023 Actual Performance	PY2023 Indicator Score (Actual Performance / Adjusted Level)
Employment 2nd Quarter after exit	68.0%	60.2%	67.1%	6.9%	74.9%	60.3%	80.5%
Employment 4th Quarter after exit	63.0%	54.6%	61.1%	6.5%	69.5%	59.2%	85.2%
Median earnings (2nd quarter after exit)	\$5,900.00	\$5,499.80	\$8,079.68	\$2,579.87	\$8,479.87	\$8,398.00	99.0%
<b>Overall Program Performance Score</b>							<b>88.2%</b>

## Model Adjustment and Variable Analysis

### Adjustment Factor

The Adjustment Factor, or the difference between the pre-PY 2023 predicted outcome and the post-PY 2023 predicted outcome, was large and in the positive direction for all three indicators.

According to the State Performance Assessment, there are 46 model variables that account for the predicted level for the 2nd and 4th quarter after exit indicators, and 47 variables for the median earnings indicator. The two variable types are Participant Characteristics and Economic Conditions. The adjustment factor for any given indicator is the sum of the adjustments across all model variables. Each variable is assigned a coefficient by the model, which is a measure of that variable's weight and impact. Any given variable can impact the adjustment in the following ways:

- If a variable has a **negative** coefficient, then a **decrease** from pre- to post-PY estimates for that variable would result in a **positive** adjustment.
- If a variable has a **negative** coefficient, then an **increase** from pre- to post-PY estimates for that variable would result in a **negative** adjustment.
- If a variable has a **positive** coefficient, then a **decrease** from pre- to post-PY estimates for that variable would result in a **negative** adjustment.
- If a variable has a **positive** coefficient, then an **increase** from pre- to post-PY estimates for that variable would result in a **positive** adjustment.

### Top 5 model variables with greatest positive impact for each indicator

#### Employment Rate, 2nd Quarter after Exit

Variable	Variable Type	Coefficient	PY Prior	PY Actual	Variable Estimate <sup>0</sup> (Coefficient * PY Prior)	Variable Estimate <sup>1</sup> (Coefficient * PY Actual)	Adjustment
Unemployment Rate Not Seasonally Adjusted	Economic Condition	-1.92789	6.59%	3.91%	-12.70%	-7.54%	5.16%
Financial Services Employment	Economic Condition	-6.40051	7.85%	7.37%	-50.27%	-47.16%	3.11%
Limited English Proficiency	Participant Characteristic	-0.15721	18.10%	7.68%	-2.84%	-1.21%	1.64%
Educational or Health Care Employment	Economic Condition	-2.28015	22.38%	21.85%	-51.02%	-49.82%	1.21%
Age 45 to 54	Participant Characteristic	-0.65147	21.89%	20.12%	-14.26%	-13.11%	1.15%

#### Employment Rate, 4th Quarter after Exit

Variable	Variable Type	Coefficient	PY Prior	PY Actual	Variable Estimate <sup>0</sup> (Coefficient * PY Prior)	Variable Estimate <sup>1</sup> (Coefficient * PY Actual)	Adjustment
Unemployment Rate Not Seasonally Adjusted	Economic Condition	-2.60276	6.59%	3.86%	-17.14%	-10.04%	7.10%
Financial Services Employment	Economic Condition	-3.8995	7.85%	7.48%	-30.63%	-29.16%	1.47%
Educational or Health Care Employment	Economic Condition	-1.90295	22.38%	21.74%	-42.58%	-41.37%	1.21%
Professional and Business Services Employment	Economic Condition	-3.4107	15.45%	15.13%	-52.71%	-51.61%	1.10%
Limited English Proficiency	Participant Characteristic	-0.12677	16.94%	8.29%	-2.15%	-1.05%	1.10%

Median Earnings, 2nd Quarter after Exit

Variable	Variable Type	Coefficient	PY Prior	PY Actual	Variable Estimate <sup>0</sup> (Coefficient * PY Prior)	Variable Estimate <sup>1</sup> (Coefficient * PY Actual)	Adjustment
Wages 2 Quarters Prior to Participation	Participant Characteristic	0.601758	6304.83	9078.835	\$3,793.98	\$5,463.26	\$1,669.28
Unemployment Rate Not Seasonally Adjusted	Economic Condition	-20028.2	0.065857	0.0391	-\$1,319	-\$783	\$535.90
Financial Services Employment	Economic Condition	-64887.3	0.07854	0.073675	-\$5,096	-\$4,781	\$315.66
Educational or Health Care Employment	Economic Condition	-50531.6	0.223773	0.21848	-\$11,308	-\$11,040	\$267.46
Individual who was Incarcerated	Participant Characteristic	2685.873	0.05548	0.129702	\$149.01	\$348.36	\$199.35

Top 5 model variables with greatest negative impact for each indicator

Employment Rate, 2nd Quarter after Exit

Variable	Variable Type	Coefficient	PY Prior	PY Actual	Variable Estimate <sup>0</sup> (Coefficient * PY Prior)	Variable Estimate <sup>1</sup> (Coefficient * PY Actual)	Adjustment
Age 25 to 44	Participant Characteristic	-0.44330	0.42409	0.48291	-18.80%	-21.41%	-2.61%
Received Wages 2 Quarters Prior to Participation	Participant Characteristic	0.41254	0.72904	0.68878	30.08%	28.41%	-1.66%
Construction Employment	Economic Condition	-1.64366	0.06128	0.06751	-10.07%	-11.10%	-1.02%
Other Services Employment	Economic Condition	-4.47981	0.02590	0.02762	-11.60%	-12.37%	-0.77%
Individual who was Incarcerated	Participant Characteristic	-0.05369	0.06214	0.19927	-0.33%	-1.07%	-0.74%

Employment Rate, 4th Quarter after Exit

Variable	Variable Type	Coefficient	PY Prior	PY Actual	Variable Estimate <sup>0</sup> (Coefficient * PY Prior)	Variable Estimate <sup>1</sup> (Coefficient * PY Actual)	Adjustment
Age 25 to 44	Participant Characteristic	-0.43061	0.42269	0.47966	-18.20%	-20.65%	-2.45%
Individual who was Incarcerated	Participant Characteristic	-0.16154	0.06429	0.18337	-1.04%	-2.96%	-1.92%
Long-Term Unemployed at Program Entry	Participant Characteristic	-0.09538	0.04874	0.19948	-0.46%	-1.90%	-1.44%
Hispanic Ethnicity	Participant Characteristic	0.15995	0.47940	0.39585	7.67%	6.33%	-1.34%
Single Parent	Participant Characteristic	0.24856	0.09514	0.06174	2.36%	1.53%	-0.83%

Median Earnings, 2nd Quarter after Exit

Variable	Variable Type	Coefficient	PY Prior	PY Actual	Variable Estimate <sup>0</sup> (Coefficient * PY Prior)	Variable Estimate <sup>1</sup> (Coefficient * PY Actual)	Adjustment
Leisure, Hospitality, or Entertainment Employment	Economic Condition	-58578.06	0.11464	0.11873	-\$6,716.00	-\$6,955.00	-\$239.51
Other Services Employment	Economic Condition	-101905.74	0.02590	0.02762	-\$2,639	-\$2,814	-\$175.44
Hispanic Ethnicity	Participant Characteristic	1487.36	0.51557	0.41887	\$767	\$623	-\$143.82
Female	Participant Characteristic	-2848.19	0.42401	0.47420	-\$1,208	-\$1,351	-\$142.97
Race: Black	Participant Characteristic	-4246.34	0.07308	0.09719	-\$310.34	-\$412.70	-\$102.36

Total Net Adjustment of each Variable Type

Indicator	Net Adjustment, Economic Conditions	Net Adjustment, Participant Characteristics
Employment Rate 2nd Quarter after Exit	9.24%	-2.35%
Employment Rate 4th Quarter after Exit	10.96%	-4.40%
Median Earnings 2nd Quarter after Exit	\$762.84	\$1,817.03

Model Adjustment and Variable Analysis Key Takeaways:

- Economic conditions were the primary drivers for the large upward adjustment in performance targets in the 2nd and 4th Quarter Employment Rates.
  - These large adjustments resulted in lower indicator scores, which brought down the Overall program score (the average of the three indicator scores).
  - The overall adjustments were heavily influenced by lower unemployment rate estimates in the post-program model than the pre-program model.
- Participant characteristics, overall, had a downward impact on the adjustment in performance targets for the 2nd and 4th Quarter Employment Rates.
  - This indicates that the program served more participants from harder-to-serve populations than the pre-program model estimated, such as individuals who were justice-involved or long-term unemployed.

## Performance Improvement Opportunities

As required by WIOA, the US Department of Labor (USDOL) is delivering technical assistance to Arizona to address the performance failure, identify areas of concern, and develop performance improvement strategies. The first meeting between USDOL and Arizona took place on March 27, 2025. The report shared by USDOL in advance of that meeting can be found in Attachment A. Recommendations from that meeting are incorporated into the sections below.

### Data Quality

For all WIOA programs, the state Unemployment Insurance (UI) system provides wage records for participants. A data quality error was identified during an analysis of the office-level performance data. This error prevented wages from populating for over 2,000 participants from 5 offices. The vendor of the system of record, AZJobConnection.gov (AJC), implemented a solution and subsequent testing has indicated that the error is resolved. To avoid such issues in the future, a more thorough analysis of performance data (including office-level review) will be conducted throughout the year.

For the WIOA Title I and III programs, this automated process is only possible when participant social security numbers (SSN) are available in the system of record. WIOA does not require participants to provide an SSN, and federal guidance has explicitly prohibited states from requiring provision of an SSN as a condition of program enrollment. When an automated wage match does not occur, wages must be entered manually in the system of record in order for the participant to be included as a positive outcome in the 2nd and 4th Quarter after Exit Employment Rates.

In PY2023, 38,657 participants were included in the denominator of the 2nd Quarter after Exit Employment Rate for the WP-ES program. Of that total, 814 individuals declined to provide their SSN at the time of program registration and enrollment<sup>1</sup>. Only 8 of the 814 individuals were in the numerator of that indicator, or positive outcomes. While the 806 individuals only account for 2% of the overall rate, this is an area of data quality that could be improved.

The manual process of recording employment, also known as Supplemental Wage collection, is also required for individuals who earn income that is not reported to the UI system, such as some self-employed and federally employed individuals. Development of methods to capture wages for these populations will help improve performance outcomes.

### Targeted Outreach

Understanding the cohorts associated with each indicator can assist with targeted outreach efforts. Because the WP-ES indicators are exit-based, this means individuals included in the calculations are no longer receiving program services. Staff time and resources are limited and are largely dedicated to active participants. However, certain targeted outreach efforts after program exit may not require significant staff time. Reporting options exist to identify clients who are entering their 2nd and 4th quarters after exit. This information can be utilized to direct marketing strategies, such as invitations to hiring events, job fairs, or simply advertising the job board in the state system of record.

### Quality Job Placements

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<sup>1</sup> Source: Tableau “Declined Provision of SSN Report”

## PY2024 Projections

On April 24, 2025, USDOL met with DES performance reporting staff to provide the PY2024 Mid-Year Assessment. The “PY24 (Mid-Year)” rows in the table below reflect figures provided in that meeting. This assessment used rolling 4-quarter data from Quarter ending 12/31/2024. The Mid-Year Assessment includes an application of the USDOL statistical adjustment model.

### Notes:

- PY24 Negotiated Levels are lower than those of PY23.
- PY24 Mid-Year SAM adjustment factors were significantly lower than those of the PY23 SAM.
- PY24 Projections use the Mid-Year SAM adjustment factors.<sup>2</sup>
- WP-ES is projected to exceed success thresholds in all indicators for PY24.

**Table: PY2024 Wagner-Peyser Employment Service Program WIOA Performance Projections**

Indicator	Program Year	Negotiated	Adjustment Factor	Adjusted Level	Actual	Indicator Score
2QER	PY23	68.0%	6.9%	74.9%	60.3%	80.5%
	PY24 (Mid-Year)	63.0%	1.3%	64.3%	57.6%	89.6%
	<b>PY24 (Projected)</b>	<b>63.0%</b>	<b>1.3%</b>	<b>64.3%</b>	<b>62.3%</b>	<b>97.0%</b>
4QER	PY23	63.0%	6.5%	69.5%	59.2%	85.2%
	PY24 (Mid-Year)	57.8%	3.8%	61.6%	57.0%	92.6%
	<b>PY24 (Projected)</b>	<b>57.8%</b>	<b>3.8%</b>	<b>61.6%</b>	<b>57.7%</b>	<b>93.7%</b>
MEDEARN	PY23	\$5,900	\$2,580	\$8,480	\$8,398	99.0%
	PY24 (Mid-Year)	\$8,175	\$393	\$8,568	\$8,491	99.1%
	<b>PY24 (Projected)</b>	<b>\$8,175</b>	<b>\$393</b>	<b>\$8,568</b>	<b>\$8,735</b>	<b>101.9%</b>
Overall Program Score	PY23					88.2%
	PY24 (Mid-Year)					93.7%
	<b>PY24 (Projected)</b>					<b>97.5%</b>

### References:

- [20 CFR § 677.155](#) What are the primary indicators of performance under the Workforce Innovation and Opportunity Act?
- [20 CFR § 677.170](#) How are State levels of performance for primary indicators established?
- [20 CFR § 677.190](#) When are sanctions applied for failure to achieve adjusted levels of performance?
- [TEGL 10-16. Change 3](#) - Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Core Programs
- [TEGL 11-19. Change 2](#) - Negotiations and Sanctions Guidance for the Workforce Innovation and Opportunity Act (WIOA) Core Programs
- [TEN 04-24](#) - Workforce Innovation and Opportunity Act (WIOA) Core Program Performance Accountability Assessment for Program Year (PY) 2023
- [PY2023 Arizona State Performance Assessment](#)

<sup>2</sup> While it is not possible to predict variation in the statistical adjustment model inputs, this projection assumes that the adjustment factors based on the Mid-Year (quarter ending 12/31/2024) data will be the same as those based on the Annual (quarter ending 6/30/2025) data.

## Attachment A: USDOL Report: Arizona PY 2023 Performance Failure - Required TA

### Overview:

In Program Year (PY) 2023, Arizona failed performance for the Wagner-Peyser program Overall Performance Score<sup>[1]</sup> (88.2 percent). Of the three individual indicator scores that comprise this overall score, Arizona scored 99 percent on Median Earnings, 85 percent on Employment Rate 4<sup>th</sup> quarter after exit (ERQ4), and 80.5 percent on Employment Rate 2<sup>nd</sup> quarter after exit (ERQ2). Since this is Arizona's first year of this failure, the Employment and Training Administration (ETA) is required to provide Arizona with technical assistance (TA). This paper summarizes ETA's initial analysis of the situation, identifies the potential causes for Arizona's failure in PY 2023, and provides some recommended TA that ETA can provide to reduce the likelihood of future failures.

### Areas for Arizona to investigate/explore to improve chances of performance success:

In general, Arizona's WP ERQ2/ERQ4 performance outcomes are low relative to other states, even without taking targets into account. Therefore, Arizona should take steps to understand the causes. Two possible explanations include: (1) deficient performance reporting causing outcomes to appear lower than reality, and (2) accurately reported low employment rates.

(1) ETA analyzed Arizona's report for potential performance reporting deficiencies, and while there are no glaring concerns, ETA notes the following changes may help Arizona to improve its outcomes and avoid future performance failures:

- a. Collecting supplemental wage information for WP. While not required, Arizona's raw numbers for WP ERQ2/ERQ4 rates are among the lowest in the nation, since the state does not collect supplemental wage information. Arizona could attempt to target supplemental data collection for participants that are known or expected to attain federal jobs or self-employment, since those positions do not show up in the UI wage record matches that Arizona's WP program currently relies on for 100 percent of its employment outcomes.
- b. Establish processes to review data/results much earlier in its process and more routinely. Earlier review will help reduce the occurrence of missing or incorrect data, and it will help identify deficiencies proactively. ETA has observed that Arizona's reporting patterns suggest that the state is waiting until too close to the reporting deadline to begin reviewing and attempting to submit data, which forces the focus of those efforts on clearing WIPS edit checks. This approach may minimize states' regard for the actual reported performance levels and does not allow for sufficient time to address potential issues with accuracy or actual performance.
- c. Investigate performance results by local area. ETA observed in Arizona's data that the largest local area (04135 – Maricopa County) had unusually low ERQ2/Q4 rates for WP when compared with other local areas and other programs within Maricopa County (see figures 1-3). ETA also notes that Maricopa County has consistently had one of the lower unemployment rates in the state of Arizona (see Appendix A). Since the unemployment rate tends to track closely with ERQ2/Q4, this issue merits further investigation. Furthermore, metropolitan county's larger size means the impact on statewide results are more significant than for a less populated county.

[1] "Performance Score" refers to the result of dividing the Actual Level of Performance achieved by the state in the Program Year by the Adjusted Level of Performance for that Program Year. The "Adjusted Level of Performance" is the final target for that indicator, after the Negotiated Levels of Performance have been adjusted using the Statistical Adjustment Model. For Overall Program Scores, the score reflects the average result of the Individual Indicator Scores for that Program.

Figure 1. PY 2023 Arizona Employment Rate Q2, Q4 Across Program and Local Area

2023 Q4

		ETA Program											
		WIOA Adult			WIOA DW			WIOA Youth			WP		
		Den	Num	Rate	Den	Num	Rate	Den	Num	Rate	Den	Num	Rate
ER Q2	State	6,485	4,716	72.7%	664	522	78.6%	2,308	1,708	74.0%	38,657	23,315	60.3%
	04040	15	12	80.0%	1	1	100.0%	14	6	42.9%	1,024	773	75.5%
	04080	115	103	89.6%	38	30	78.9%	28	27	96.4%	1,334	839	62.9%
	04100	103	91	88.3%	6	5	83.3%	44	41	93.2%	1,684	1,096	65.1%
	04110	25	20	80.0%				13	7	53.8%	1,617	970	60.0%
	04115	181	127	70.2%	28	22	78.6%	57	43	75.4%	1,569	1,011	64.4%
	04120	94	56	59.6%	1	1	100.0%	38	17	44.7%			
	04125	36	31	86.1%	2	2	100.0%	24	20	83.3%	1,875	1,159	61.8%
	04135	2,675	1,931	72.2%	84	67	79.8%	592	386	65.2%	12,351	6,329	51.2%
	04140	1,443	1,036	71.8%	81	62	76.5%	610	466	76.4%	4,903	3,167	64.6%
	04145	320	229	71.6%	18	14	77.8%	100	73	73.0%	1,181	678	57.4%
	04150	845	607	71.8%	317	247	77.9%	561	449	80.0%	7,419	4,526	61.0%
04155	633	473	74.7%	88	71	80.7%	227	173	76.2%	3,700	2,767	74.8%	
ER Q4	State	6,472	4,475	69.1%	724	534	73.8%	2,265	1,686	74.4%	35,377	20,926	59.2%
	04040	15	8	53.3%	2	2	100.0%	15	12	80.0%	984	685	69.6%
	04080	120	103	85.8%	31	26	83.9%	29	27	93.1%	1,384	831	60.0%
	04100	85	64	75.3%	4	3	75.0%	33	29	87.9%	1,623	995	61.3%
	04110	39	29	74.4%	4	2	50.0%	8	4	50.0%	1,638	944	57.6%
	04115	170	118	69.4%	27	17	63.0%	44	31	70.5%	1,112	774	69.6%
	04120	88	63	71.6%	3	2	66.7%	76	40	52.6%			
	04125	35	25	71.4%	2	2	100.0%	16	12	75.0%	1,197	747	62.4%
	04135	2,775	1,933	69.7%	144	93	64.6%	632	448	70.9%	10,583	5,533	52.3%
	04140	1,292	879	68.0%	100	77	77.0%	493	380	77.1%	4,677	3,022	64.6%
	04145	344	221	64.2%	16	11	68.8%	135	101	74.8%	933	507	54.3%
	04150	880	596	67.7%	310	234	75.5%	493	391	79.3%	7,343	4,409	60.0%
04155	629	436	69.3%	81	65	80.2%	291	211	72.5%	3,903	2,479	63.5%	

Figure 2. Arizona WP ERQ2 Trends by Local Area

Wagner-Peyser  
ER Q2 Timeseries  
State: ARIZONA

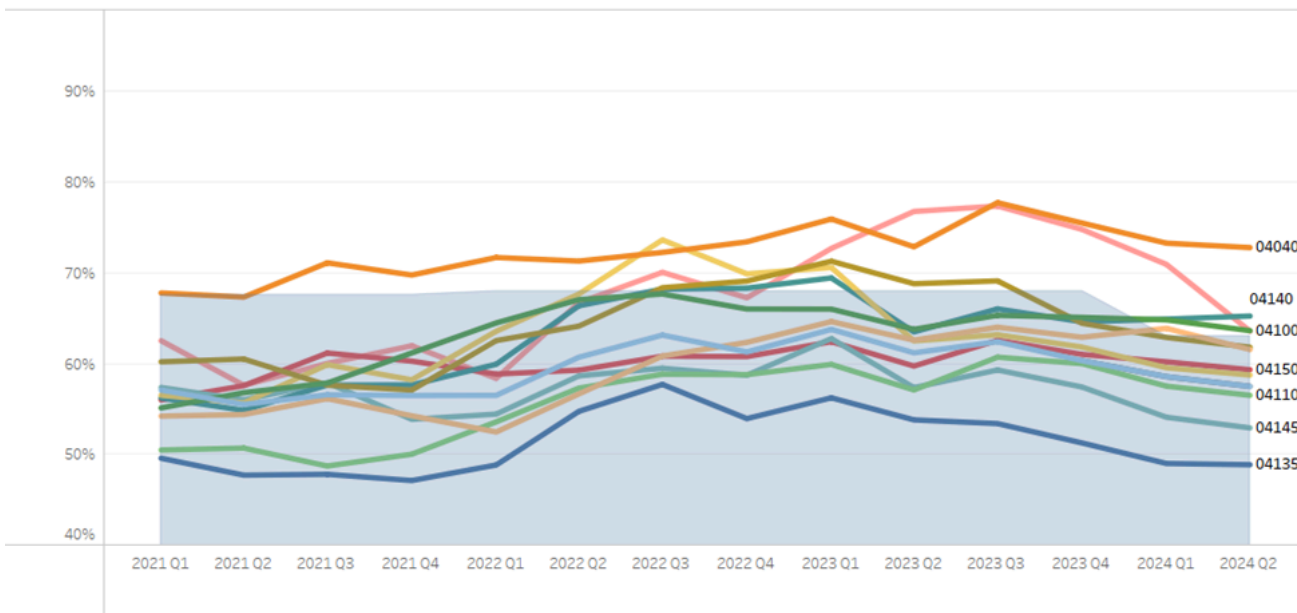
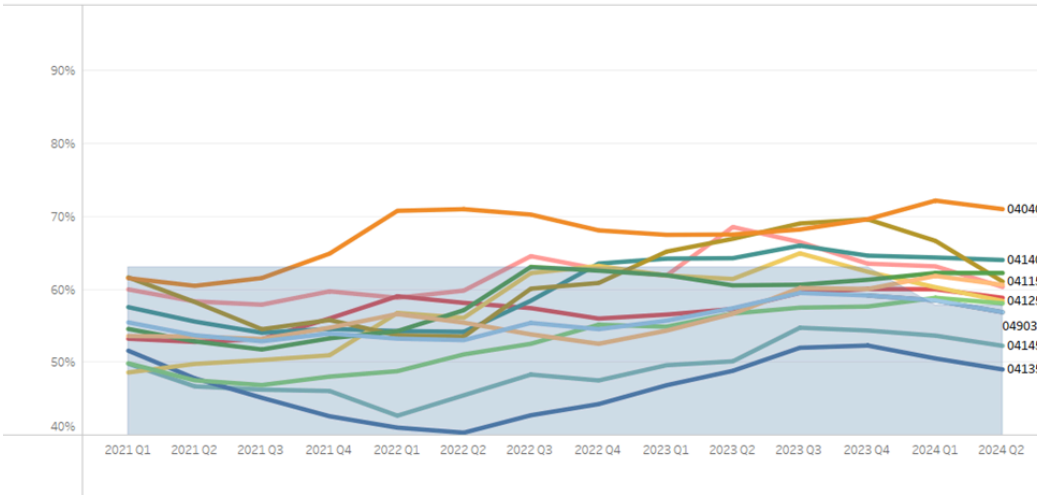


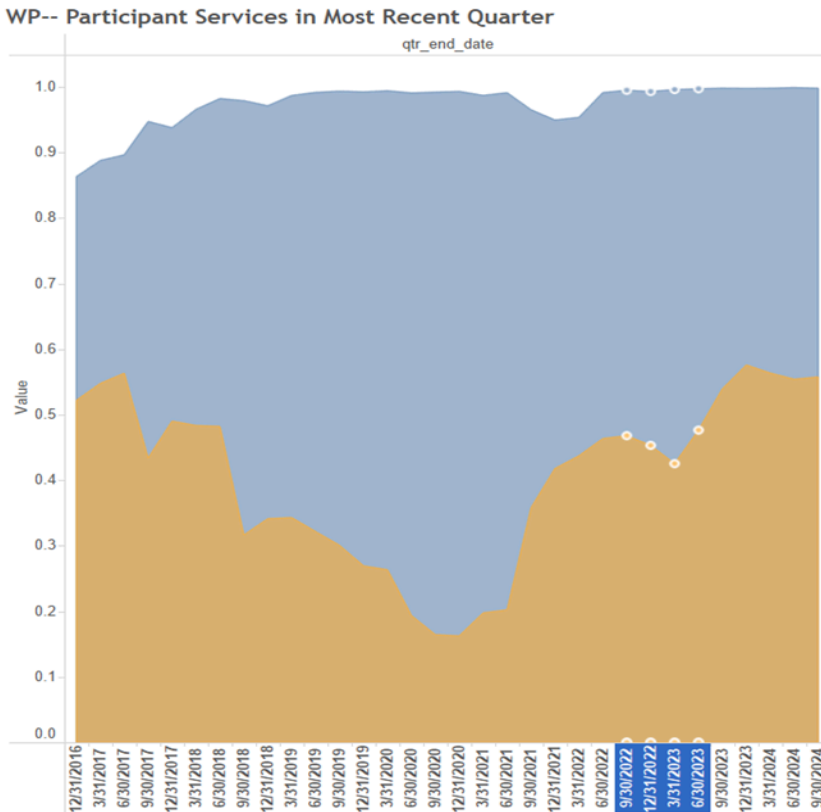
Figure 3. Arizona WP ERQ4 Trends by Local Area

Wagner-Peyser  
ER Q4 Timeseries  
State: ARIZONA



d. If Arizona determines its reported outcomes are accurate, then it should examine whether its WP service delivery practices need improvement. For example, part of the explanation for low employment rates could be attributed to low provision of individualized services to the participants in the cohort being measured. ETA examined the rates of Individualized Career Service (ICS) provision in Arizona and found that while it was not a large difference, there was a dip in the percentage of participants receiving ICS during the PY 2023 ERQ2 cohort (see figure 2).

Figure 4. Arizona Rates of Individualized (gold) and Basic (blue) career services over time in WP. Quarters highlighted blue reflect the PY2023 ERQ2 cohort of exiters.



Recommendations:

(1) OPDR and OWI lead a join call with Region 6 staff and Arizona to discuss these items and gather additional feedback/insights from the state on what they think might explain these lower numbers.

- a. Question for Arizona: what are some of the reasons you are aware of that may be the cause of your low WP performance?
- b. What processes/plans is Arizona undertaking to identify and address the issues causing low performance?
- c. (After review of ETA TA) Are there any other questions and or TA needs that Arizona has, based on this conversation today?

Appendix A.

AZ Unemployment Rate Trends by County

