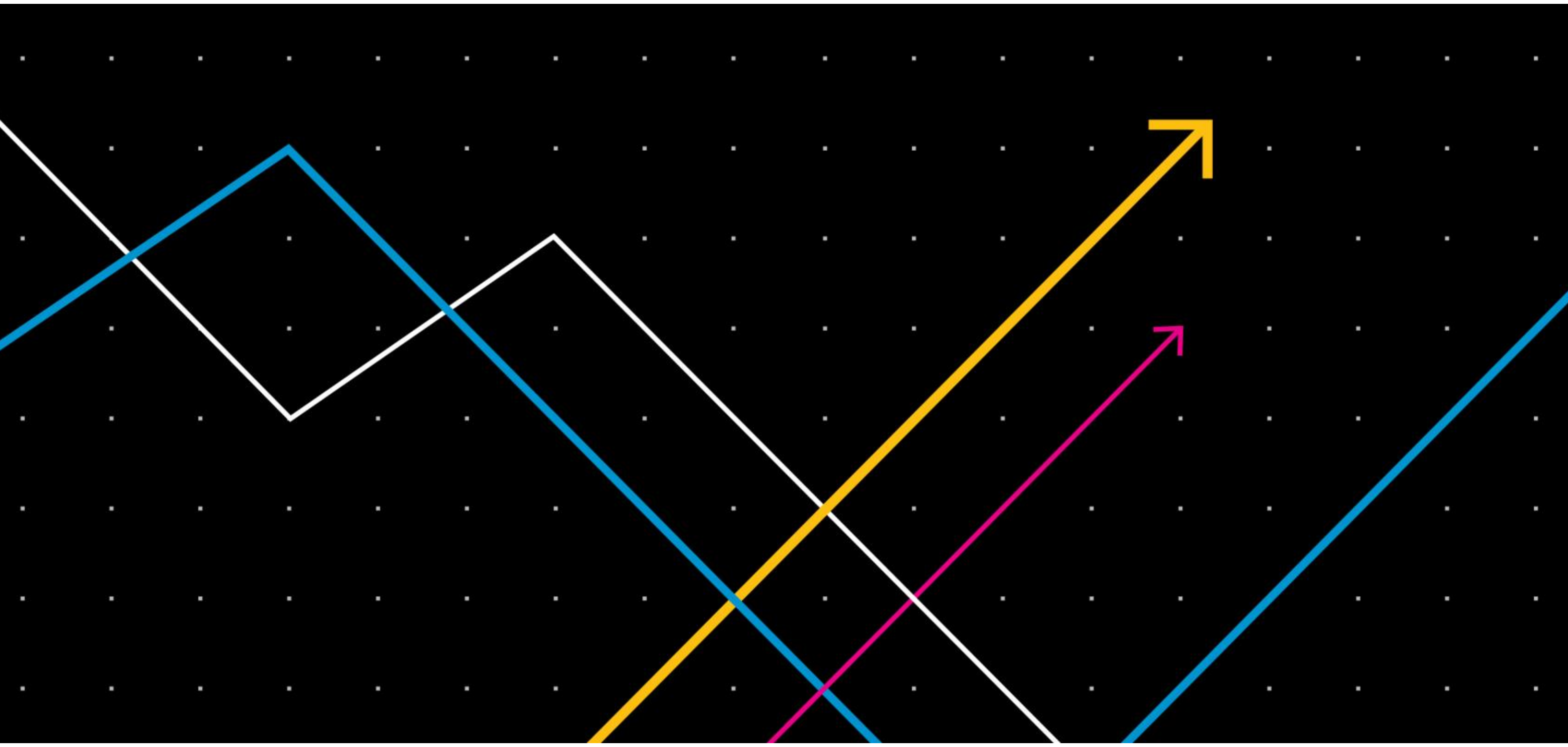

RESEARCH REPORT

Public Funding for Job Training at the State and Local Level

An Examination of Massachusetts, Texas, and Washington

Kelly S. Mikelson *Ian Hecker*

June 2018

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Acknowledgments

This report was funded by a grant from JPMorgan Chase. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

The authors thank the many people who made this report possible. We thank the administrators from Massachusetts, Texas, and Washington listed in Appendix A who provided data and information for this paper. We thank Elizabeth Forney, David Hinson, and Serena Lei for their assistance with editing, and Pamela Loprest, Demetra Smith Nightingale, and Shayne Spaulding for their support, expert advice, and review of this work. Finally, we thank Jennie Sparandara, Sarah Steinberg, Jacob Clark, and Linda Rodriguez at JPMorgan Chase for their comments and support of this work.

Executive Summary

To remain competitive in an increasingly global economy, we must invest in our workers and give them the training and skills to succeed. Federal, state, and local job training programs are a crucial part of that investment. But the landscape of public funding for job training is complex with multiple funding sources and streams, controlled by a variety of actors, and used differently across geographic areas.

To provide a more complete picture of federal, state, and local investments in job training, this report describes public expenditures for three states—Massachusetts, Texas, and Washington—and five metropolitan statistical areas (MSAs) in those states—Austin, Boston, Houston, Seattle, and Worcester.

Compared with funding under the Workforce Innovation and Opportunity Act (WIOA) of 2014, state and local investments in workforce training and related services is substantial, in some cases surpassing federal funding. We identified six strategies that states and localities use to manage and supplement funding for job training programs: seeking diverse revenue sources, leveraging public- and private-funding sources, braiding and blending funding, using dedicated fees to fund training, funding sector-based training initiatives, and collaborating and coordinating with other agencies to fill training gaps.

This report aims to provide information to state and local workforce development entities, including local workforce development boards (WDBs) and training providers, to help in their funding and training decisionmaking.

Federal Job Training Expenditures

The US Department of Labor's (DOL) Employment and Training Administration funds many different job training programs. We focus here on DOL's largest job training programs.

- **Mandatory funding.** The majority of DOL training programs are funded through mandatory formula grants to states. These noncompetitive grants are allocated using statistical criteria, such as the unemployment rate. States then use a formula to distribute this funding to local areas. For program year 2017, the largest DOL-funded mandatory job training programs amounted to $5.27 billion. WIOA, the largest of these programs, accounted for 51 percent of this funding.

- **Discretionary grants.** Discretionary grants programs award competitive grants to state or local organizations. These programs, such as the American Apprenticeship Grants program, allow the federal government to target geographic areas, populations, or occupations where the need for training is perceived to be greater. The largest discretionary grants funded by DOL amounted to $577.8 million in fiscal year 2016.

This report focuses on employment and training programs funded under WIOA Title I, which authorizes job training and related services to unemployed or underemployed adults, dislocated workers, and youth.

State Funding for Job Training

The three states we focus on—Texas, Massachusetts, and Washington—supplement federal WIOA Title I expenditures with a substantial amount of state funding. The structures of their workforce development systems vary significantly, which affects how funds are distributed and used and how agencies coordinate funding and collaborate on workforce programs. By law, the majority of WIOA funding must be disbursed to local entities; however, these three states vary significantly in how centralized or decentralized their workforce development systems are.

Texas

In fiscal year 2017, Texas put $48.6 million of state funds toward three workforce development programs. This investment amounts to 30 percent of the state's $162.9 million in WIOA Title I funding.

Texas's workforce development system is fairly centralized. One state agency—the Texas Workforce Commission—distributes all federal WIOA dollars to the state's 28 local WDBs and oversees all state-funded statewide workforce development programs. The local-level workforce systems are similarly centralized; all but a handful disburse only federal WIOA funds.

Massachusetts

In fiscal year 2017, state expenditures for three statewide job training programs were $55.7 million, which amounts to 128 percent of Massachusetts's $43.6 million in WIOA Title I funding.

In Massachusetts, the workforce development system has two primary agencies: one public entity, the Department of Career Services, and one quasi-public organization, the Commonwealth

Corporation. The Department of Career services disburses federal WIOA dollars to the state's 16 local WDBs. The Commonwealth Corporation disburses funds and oversees the majority of state-funded statewide workforce development programs. The local-level workforce systems are also less centralized. Both of the local boards we interviewed receive funds from many different sources.

Washington

In fiscal year 2017, Washington spent $59.0 million of state funds on six workforce development programs. This investment amounts to 91 percent of the state's $64.9 million in WIOA Title I funding.

Washington has the most decentralized workforce development system. Seven public state agencies disburse federal funding for separate workforce training programs. One of these agencies disburses the WIOA dollars to the state's 12 local WDBs. Each of the seven agencies receives state funding and oversees one more major statewide programs.

Strategies for Managing Funding

Faced with limited public funding for job training, state and local public workforce development entities apply innovative strategies for combining, leveraging, and managing those funds. We describe six of those strategies.

1. Seeking Diverse Revenue Sources

Having many sources of nonfederal revenue can give agencies the flexibility they need to help harder-to-serve participants. Private funds may be more immune to economic downturns or changes in the political environment. And unrestricted funds can be used to bridge funding gaps in programs and services.

Most WDBs receive all their funding from WIOA, but some, like the Boston WDB, receive funding from a range of sources, including foundations and corporations. Some challenges arise, though, with having diverse revenue sources. Cultivating private sources of funding requires a lot of staff time, money, and continual effort. Also, because private revenue is often in the form of short-term program grants, it can be hard to sustain program activities when the grant ends. When combining funding, it can be difficult to design a workforce training strategy that appeals to multiple funders who may have different goals for their investments.

2. Leveraging Public and Private Funding

Workforce development entities may use funding to leverage additional funding from other sources. Leveraging may be voluntary or a requirement for receiving funds. For example, the Supplemental Nutrition Assistance Program's Employment and Training (SNAP E&T) program offers a 50 percent reimbursement when states spend all their formula-based grants. Nonfederal spending on SNAP E&T is eligible for a 50 percent federal match. Leveraging funds through SNAP E&T can add an administrative burden, and, in some cases, it may be difficult to meet the requirement that nonfederal funds be used.

WDBs can also use public dollars to leverage private investments from employers, corporate philanthropy, and foundations. These grants can jumpstart a new workforce initiative, pilot a training program, or support a larger initiative funded with additional public or private sources. Although leveraging can increase the amount of money spent on job training, it may also increase the complexity of reporting outcomes and the time spent collaborating. Also, some public entities, such as city and county governments, may limit the way funding can be structured or cannot move quickly to meet matching requirements.

3. Braiding and Blending Funding

Braiding and blending funding streams increases the potential for leveraging and efficiency, and provides greater flexibility when paying for services. Braiding funding means pooling funds from different sources, but tracking spending and reporting outcomes for each source separately. The Austin WDB braids city and county funding streams with federal WIOA dollars. For Austin, this was an important step for building an inclusive local agenda around workforce development, and reduced the potential for overlapping services.

With blended funding, funding streams are combined but recipients do not need to report separate outcomes. Blended funds may be used to support any part of a program.

4. Using Dedicated Fees to Fund Training

Dedicated fees can be a substantial source of funding for job training. For example, in Massachusetts, businesses that pay into the state's Workforce Training Fund become eligible to apply for training grants. In fiscal year 2017, $22.3 million in job training grants were awarded through this fund, which amounts to 75 percent of the state's WIOA funds for adults and dislocated workers.

In Boston, at the local level, the Neighborhood Jobs Trust is supported by fees paid by commercial developers with projects greater than 100,000 square feet. The money goes toward job training and helps ensure that the city's low- and moderate-income residents benefit from large-scale real estate development.

5. Managing Funding for Sector-Based Job Training

To respond to sector-based job training needs, states and localities are moving beyond traditional advisory boards and seeking other ways to engage employers. These initiatives include state legislation that provides job training funds to an in-demand industry and large-scale employer- and industry-led collaboratives that meld public and private funding. One drawback, though, is that active and successful employer-led collaboratives may be difficult to organize and sustain.

Facing skill gaps and skill shortages may motivate employers to create the partnerships necessary to recruit, train, and produce the workers they need. UpSkill Houston is an employer-led collaborative of training, education, and community stakeholders focused on training workers in seven sectors—petrochemical manufacturing; industrial and commercial construction; health care; port, maritime, and logistics; utilities; advanced manufacturing; and oil and gas—upstream and midstream.

6. Collaborating and Coordinating with Other Agencies to Help Fill Training Gaps

Public entities must also consider how to manage public funding across the local workforce development system, filling training gaps and reducing duplicative programs and services. For example, in Washington, which has a decentralized workforce system, the Workforce Training and Education Coordinating Board is developing a common intake process for the public workforce development system, ensuring that job seekers do not have to fill out numerous and duplicative intake forms.

Austin and many other localities are developing master plans, which will help with collaboration and coordination. The challenge here is not only bringing regional and local workforce development leaders to the table but also keeping them engaged in implementing and developing strategies.

Conclusion

State and local workforce development entities play an important role in managing public and private funding for job training. Although WIOA is a major source of federal funding for job training, state and local public funding is substantial and, in some jurisdictions, surpasses federal funding. Many local WDBs are actively seeking nonfederal funding, including state, county, and city funds and funding from private sources.

The states and localities we interviewed are using innovative strategies to increase and leverage public and private funding for job training, including braiding and blending funding, relying on dedicated fees, and encouraging employer-led training collaboratives.

The landscape of funding for job training is complex. The more that local workforce system stakeholders understand public funding flows and strategies to supplement and leverage those dollars, the more they can do to support workers and employers in their communities.

Public Funding for Job Training at the State and Local Level

In the 21st century, the United States must maintain a skilled and productive workforce to remain competitive in the increasingly global economy. Funding under the Workforce Innovation and Opportunity Act (WIOA) of 2014 represents the largest federal investment in workforce development, designed to strengthen and improve our nation's public workforce system. Under WIOA, which replaced the Workforce Investment Act of 1998 (WIA), the overall roles and structures remain in place. Operated by the US Department of Labor's (DOL's) Employment and Training Administration (ETA), WIOA allows states and localities more flexibility, increases cross-agency collaboration, and emphasizes upskilling (Eyster and Nightingale 2017). State and local agencies and workforce development boards are implementing WIOA and determining whether and how they will augment federal funding with other public and private funding.

The preparation of a skilled workforce depends on training from both public and private sources, including from governments, employers, philanthropy, foundations, unions, and intermediaries. Spending on training by private businesses is far greater than public or nonprofit sources. This funding, however, is very diffuse, making it difficult to measure, and it is often spent on upskilling among currently employed workers (Heinrich, forthcoming). Federal WIOA funding and discretionary grant funding augmented with state and local funds constitutes a potentially large source of training dollars and, in many cases, it is targeted toward moving under- or unemployed workers into entry-level jobs and up career ladders.

Despite the recent policy focus on strengthening and improving our nation's public workforce system, there is little recent literature examining public workforce system funding at the federal, state, and local level and even less describing how funding streams flow from the federal level to the state and from the state level to local entities and programs. To meet the training needs of workers and employers, some states and localities supplement federal funding with substantial public and private investments. Investing funds efficiently requires knowledge of how states and localities are using federal, state, and local funding sources to fund job training.

This report aims to provide information to state and local workforce development entities, including local workforce development boards and training providers, to help in their funding and training decisionmaking. State and local workforce agencies can consider their current sources and public investments in job training and determine whether they may want to augment federal job training funds with public and private dollars. Though many states and localities are already engaged in strategies that increase and leverage additional funding, this report may provide additional ideas for augmenting, leveraging, and increasing the flexibility of funding for job training programs.

Project Overview and Goals

This study examines employment and training programs funded under WIOA Title I—for adults, dislocated workers, and youth—and how public funding flows from federal, state, and local sources to training providers (box 1). WIOA Title I funds are one of the largest source of federal dollars to states for job training. Understanding funding for job training is complex—there are multiple funding sources and streams at the federal, state and local levels, each controlled by a variety of actors, and each are being used differently. At the state and local levels, training providers, funders, and other stakeholders often comment on the confusing array of funding streams for workforce services.

BOX 1

The Urban Institute's Partnership with JPMorgan Chase

The Urban Institute is collaborating with JPMorgan Chase over five years to inform and assess JPMorgan Chase's philanthropic investments in key initiatives. One of these is New Skills at Work, a $250 million multiyear workforce development initiative that aims to expand and replicate effective approaches for linking education and training efforts with the skills and competencies employers need. The goals of the partnership include using data and evidence to inform JPMorgan Chase's philanthropic investments, assessing whether its programs are achieving desired outcomes, and informing the larger fields of policy, philanthropy, and practice. As one of several resources Urban is developing for the field, this report examines how public expenditures are being used to fund occupational training at the state and local levels and provides strategies for managing public funding for key policymakers, practitioners, and service providers.

To provide a more complete picture of investments on training at all levels, we describe expenditures on occupational training from public sources for three states (Massachusetts, Texas, and Washington) and in five MSAs in those states (Austin, Boston, Houston, Seattle, and Worcester). Using budget data and discussions with key administrators, the study illuminates the array of funding streams from multiple sources, identifies how the funding flows, and examines the varying structure of the state and local workforce systems. We describe six strategies these states and localities are using to manage limited public funding for job training programs. A clearer picture of the various ways in which states and localities use federal, state, and local public funds for job training and leverage private funds can be useful to state and local government agencies, workforce organizations, and private funders in developing strategies for combining, leveraging, and generating new funding streams.

This study has the following key findings:

- State and local areas need to supplement federal funding for job training with state and local funding sources because of the requirements federal funding imposes and because of the need for more funding. The three focal states supplement federal WIOA Title I expenditures by spending a substantial amount of state funding on workforce development training and related services. Texas's, Massachusetts's, and Washington's state-funded job training programs amount to 30, 128, and 91 percent of WIOA Title I federal funding, respectively.
- State and local examples demonstrate describes six strategies that workforce entities can use for managing public funding for job training programs: (1) seek diverse revenue sources, (2) leverage public and private funding, (3) braid and blend funding, (4) use dedicated fees to fund training, (5) manage funding for sector-based job training, and (6) collaborate and coordinate with other agencies, to fill training gaps.
- These three states vary significantly in how centralized or decentralized their workforce development systems are. This varied structure impacts the locus of control for how federal WIOA funds, state funds, and local funds are disbursed, how easily public funds are distributed and used, and how to coordinate funding and collaborate on workforce programs.

Structure of the Report

This rest of this section describes the methods and the limitations of this report. We then briefly examine federal DOL funding for job training programs at the national level to provide context for the state-focused results. We map the flow of funding at the federal, state, and local levels for Massachusetts, Texas, and Washington, provide examples from these three states and five localities, and describe six strategies for managing funding for job training. Finally, we synthesize the information and provides lessons learned.

Methods

This report draws on interviews with state and local public and nonprofit workforce development organizations; a brief review of existing literature and published reports; a review of federal, state, and local budget documents; the JPMorgan Chase grantee databases for 2014–17; and the latest available Workforce Investment Act Standardized Record Data (WIASRD).[1]

Focusing on Massachusetts, Texas, and Washington permits an in-depth study. These states were chosen to provide geographic representation as well as for several other characteristics: (1) large projected increases in middle-skill job openings,[2] defined as those requiring education beyond high school but not a four-year degree,[3] (2) federal, state, or local funding committed to innovative strategies[4] or participated in innovative regional or statewide middle-skill training partnerships, and (3) diverse state-level funding structures. Within each state, the largest MSAs in each state, Boston, Houston, and Seattle, and two smaller MSAs, Austin and Worcester, were selected to represent variation in local workforce development systems within the state.

We conducted 14 interviews with 26 individuals during January through March 2018. We interviewed administrators in state and local government agencies, in organizations receiving grants from JPMorgan Chase, and nonprofit organizations that could describe how public funds (and in some cases private funds) flow through the workforce development system in their state or locality. We interviewed public agencies and quasi-public entities that manage public federal and/or state workforce dollars as well as, in some cases, private funding from employers. At the regional and county level, we interviewed representatives from local workforce development boards (WDBs) and councils, county government officials, a regional advisory board, and industry representatives. At the city level, we interviewed representatives from the mayor's offices and local WDBs. Appendix A provides a list of the individuals and their organization.

This report focuses on employment and training programs funded through the US DOL. We discuss the largest DOL formula-funded and discretionary grants job training programs in the section on federal funding. Then, for the remainder of the report, we trace the funding flows for DOL-funded WIOA Title I—for adults, dislocated workers, and youth—because it is the largest source of WIOA funding for job training. WIOA Title III—Wagner-Peyser Act/Employment Services—is also funded by the US DOL but funds job search, employment, and reemployment services, not training. WIOA Title II (adult education) and Title IV (rehabilitation services) are both funded by the US Department of Education and are not covered in this report. This report also does not include federal or state funding for training that flows through the postsecondary educational system (e.g., community and technical colleges (CTCs), the Pell

Grant Program, other federal financial student aid). That said, we recognize that the shifting landscape for publicly funded job training increasingly includes CTCs as a training provider and partner. Therefore, we discuss CTCs when state- and local-level public funding include CTCs as a key partner or training provider.

Limitations and Qualifications

There are some important limitations and qualifications to the data and findings presented.

This is not a comprehensive view of all public funding. We interviewed the organizations that were in the best position to describe the flow of public funding for job training in their state and local areas. Given the complexity of these systems, we do not claim to provide a comprehensive view of all public funding or of all entities within a state or a locality that receive or distribute public funding. Instead, the information provided describes the types of state and local job training programs or providers that are funded using various sources. The examples described are designed to highlight important examples of the vast array of public funding streams for job training at the state and local level.

We cannot isolate middle-skill job training funding. Although this project initially was focused on public funding for middle-skill job training, during the interviews we determined that it was not possible to isolate middle-skill funding streams given the way in which public entities receive and distribute funds. Where possible, we provide information specific to funding flows for middle-skill training.

Not all funds are spent on job training. This report traces federal, state, and local expenditures on programs that provide job training. The programs described all provide job training that includes occupational or vocational skills development. Our focus is on tracing public spending on job training programs, and we understand that not all program funds are spent on job training. For example, program funds may also be spent on training-related expenditures (e.g., training books, supplies), program administration (e.g., facilities, staff costs), and job placement and employment services. This research does not isolate job training expenditures from nontraining expenditures within a program.

Federal DOL ETA Job Training Expenditures

This section provides an overview of federal DOL ETA funding for job training for the US (table 1), including a discussion of both mandatory and discretionary grants programs. It highlights WIOA funding nationally and in our three focal states, Massachusetts, Texas, and Washington. Figure 1 depicts five-year funding changes in WIOA, and figure 2 shows per participant expenditures for WIA adult, dislocated worker, and youth programs for all three states.

There are several key findings:

- The majority of DOL-funded job training continues to be through mandated formula grant programs, such as WIOA, which is noncompetitively awarded to state and local government agencies;
- Discretionary grants are an important opportunity for local training providers to competitively obtain grant funding, and funding for these programs is often substantial;
- Although federal funding for WIOA Title I programs increased in the past five years for the United States overall, changes in federal funding has varied substantially by state. In states where federal funding has declined, as it has in Massachusetts and in Texas (for the adult and dislocated worker programs), states may seek to augment federal funding with state and local sources.

The US DOL ETA funds a number of different job training programs. We focus here on the largest mandatory, formula-funded and discretionary grants programs from this funding that can be used to provide job training. Some programs, such as WIOA, are created through federal legislation and provide mandatory funding through formula grants to states. These noncompetitive grants are allocated using statistical criteria, such as the unemployment rate, the share of disadvantaged adults or youth, or other factors. States then use a formula to distribute this funding to local areas. Other programs, such as the American Apprenticeship Grants program, are discretionary funds implemented through appropriations and awarded competitively as grants to state or local organizations.

Additional programs that can fund some job training are administered through other federal departments, including the Departments of Education, Health and Human Services, Housing and Urban Development, Veterans Affairs, and others; these are not included because the focus here is on WIOA.

In later sections, we discuss the Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) 50-50 funding by the US Department of Agriculture (USDA) Food and Nutrition Service (FNS) because there is optional supplemental funding available to states.

For program year (PY) 2017, the largest DOL-funded mandatory job training programs amount to $5.22 billion, with WIOA funding accounting for 51 percent of that funding (table 1). Job Corps, funded at $1.69 billion in PY 2017 is the second-largest source of mandatory funding for job training. Mandatory benefit programs have the advantage of providing noncompetitive continuous funding because the laws authorizing the programs mandate that annual appropriations be distributed by formula.[5] State, local, and territorial government agencies are most often the recipients of mandatory formula grants.

The largest discretionary grants funded by DOL amounted to $577.8 million in FY 2016 (table 1). Discretionary grants are awarded by DOL competitively based on eligibility and merit. Although discretionary grants are a smaller amount of DOL funding for job training, the grants are aimed at specific populations, such as apprenticeship or middle- and high-skill technology training. Discretionary grants allow the federal government to target geographic areas or where need for training is perceived to be greater. An advantage of discretionary grants is that they may be awarded to nongovernmental organizations, such as community-based organizations (CBOs) and other types of organizations operating job training programs.

WIOA requires the coordination of workforce training and employment programs and emphasizes services for disadvantaged adults and youth. Under WIOA, basic, individualized, and follow-up career services, including employment, counseling, and job placement, may be provided to all eligible individuals at one of the nearly 2,500 American Job Centers (AJCs).[6] Individuals may also receive training services, as deemed appropriate by AJC staff, provided through an Individual Training Account (ITA) or, in some cases through a training contract; and training must be provided by an Eligible Training Provider.[7] WIOA seeks to serve "individuals with barriers to employment," which includes low-income individuals; displaced homemakers; disabled individuals; Native Americans, Alaska Natives, and Native Hawaiians; older workers; justice-involved individuals; homeless individuals; youth aging out of the foster care system; English language learners; and long-term unemployed individuals.[8]

TABLE 1

US DOL ETA Expenditures on Job Training Programs in All 50 States and Puerto Rico, PY 2017

In millions of dollars

Programs	All 50 States and Puerto Rico
Mandatory programs	
WIOA Title I Adult, Dislocated Worker, and Youth Programs	$2,671.4
Job Corps (WIOA, Subtitle C)	$1,685.9
Senior Community Service Employment Program	$434.4
Trade Adjustment Assistance	$352.1
National Farmworker Jobs Program (WIOA, Section 167)	$75.9
Indian and Native American Programs (WIOA, Section 166)	$48.9
Total mandatory programs	$5,268.6
Discretionary grants programs	
American Apprenticeship Grants (FY 2016)	$175.0
H-1B TechHire Partnership Grants (FY 2016)	$150.3
YouthBuild (FY2016)	$84.5
National Dislocated Worker Grants (FY 2016)	$63.1
Strengthening Working Families Initiative	$54.4
Apprenticeship State Expansion Grants (FY 2016)	$50.5
Total discretionary grants programs	$577.8
Total	**$5,846.4**

Sources: Byron Zuidema, "Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2017; Final PY 2017 Allotments for the Wagner-Peyser Act Employment Service (ES) Program Allotments; and the Allotments of Workforce Information Grants to States for PY 2017," guidance letter to state workforce agencies, all state workforce liaisons, June 9, 2017, https://wdr.doleta.gov/directives/attach/TEGL/TEGL_27-16.pdf; https://www.dol.gov/sites/default/files/CBJ-2018-V1-04.pdf; US DOL (US Department of Labor) "FY 2018 Congressional Budget Justification, Employment and Training Administration: Community Service Employment for Older Workers" (Washington, DC: US DOL, 2018); "Training and Employment Guidance Letter No. 30-16" (Washington, DC: US DOL, 2017); ETA (US DOL, Employment and Training Administration) "National Farmworker Jobs Program" (Washington, DC: ETA, 2017); Byron Zuidema, "Program Year (PY) 2017 Estimated Funding Allotments and Instructions for the Indian and Native American Section 166 Programs," guidance letter to all section 166 Indian and Native American (INA) grantees, March 10, 2017, https://wdr.doleta.gov/directives/attach/TEGL/TEGL_23-16.pdf; "American Apprenticeship Grants," US DOL, last updated June 1, 2018, https://www.doleta.gov/oa/aag.cfm; TechHire," US DOL, Employment and Training Administration, last updated April 9, 2018, https://www.doleta.gov/TechHire/applicant_Information.cfm; Evan J. Donnelly, *Budget in Brief, Fiscal Year 2018: Excerpts for Employment and Training Administration* (Washington, DC: US DOL, 2018). "National Dislocated Worker Grants: FY 2016," US DOL, last updated May 14, 2018, https://www.doleta.gov/grants/DWG_Awards/archive.cfm?year=2016; US Department of Labor, "US Labor Department Announces $54M in Grants to Improve Access to Skills Training and Quality, Affordable Child Care for Parents," news release, June 14, 2016, https://www.dol.gov/newsroom/releases/eta/eta20160614; Katie Spiker, "DOL announces $50.5 million in Apprenticeship State Expansion Grants," *Skills Blog*, National Skills Coalition, October 21, 2016, https://www.nationalskillscoalition.org/news/blog/dol-announces-50-5-million-in-apprenticeship-state-expansion-grants.

Notes: The Job Corps program is a mandatory DOL-funded program reauthorized under WIOA; however, Job Corps funding is allocated to the 131 Job Corps centers located throughout the United States.

For PY 2017,[9] federal expenditures on WIOA Title I Adult and Dislocated Worker Employment and Training Activities and Youth Activities is $2.67 billion for all 50 states and Puerto Rico. Of this amount, approximately $807.1 million dollars is allocated for WIOA Adult Program activities, $1.013 billion is allocated to Dislocated Workers Program activities, and $851.4 million is allocated to Youth Program activities.[10] In PY 2015, the most recent year of participant data, 1.3 million people exited[11] the WIA adult and dislocated worker programs, which is the manner in which WIOA and WIA report participants.[12] The number of young people exiting the youth WIA program was nearly 95,000 in PY 2015.

The following are additional mandatory formula-funded job training programs administered by DOL:

- With $1.69 billion in FY 2017 funding, **Job Corps**, is the largest national residential employment and training program serving at-risk youth ages 16 to 24.
- The **Senior Community Service Employment Program**, funded at$382 million, serves America's most vulnerable seniors. Program participants must be at least 55 years old and have a family income of no more than 125 percent of the federal poverty level (US DOL 2018).
- Funded at over $350 million, the **Trade Adjustment Assistance Program** was established under the Trade Act of 1974 and provides skills training, job search, relocation money, and support services to US workers whose jobs are lost as a result of foreign trade.[13]
- With $75 million in annual funding, the **National Farmworker Jobs Program** provides nationally directed, locally administered services for migrant and seasonal farmworkers (OWI 2017).
- With $49 million annually, the **Indian and Native American Programs** support employment and training activities to increase academic, occupational, and literacy skills to make individuals more competitive in the workforce and to promote economic and social development.[14]

The largest DOL-funded discretionary grants programs include the following:

- There are two apprenticeship programs funded at $175 million and $51 million, respectively. The **American Apprenticeship Grants** (also referred to as Registered Apprenticeships) fund work-based learning and postsecondary earn-and-learn programs.[15] **Apprenticeship State Expansion Grants** help states develop new programs to expand apprenticeship by engaging industry and workforce intermediaries, employers, and other partners.[16]
- Using $150 million in H-1B Program[17] funding, DOL awarded **TechHire Partnership Grants** to 39 partnerships providing job training for middle- and high-skilled jobs in high-growth industries in 25 states.[18]
- The **YouthBuild Program**, funded at nearly $85 million, complements the WIOA Youth program by targeting out-of-school, at-risk youth ages 16 to 24 with barriers to training and education. YouthBuild grantees must provide a minimum of 25 percent in nonfederal matching funds.[19]

- With annual funding of $63 million, the **National Dislocated Worker Grants Program** provides employment and training services for workers that are unemployed because of major layoffs or to fund disaster relief employment in areas that are declared federal disaster areas.
- The **Strengthening Working Families Initiative**, with a budget of $54 million, funded 14 public-private partnerships grants that provide affordable, quality child care and training for low- to middle-skilled parents.[20]

State's WIOA Expenditures

State's annual allotments for the WIOA Adult Program,[21] the Dislocated Worker Program,[22] and Youth Program[23] are determined by formula. Under WIOA Title I, up to 15 percent of a state's allotted formula funding for services to youth, adults, and dislocated workers is the governor's reserve—5 percent for statewide administrative costs and 10 percent may be spent at the governor's discretion on statewide WIOA required and allowable activities.[24]

Across all WIOA Title I programs in FY 2017, Texas received approximately $163 million compared with $65 million in Washington and $44 million in Massachusetts.[25] Adult program spending is nearly $56 million in Texas, about $17 million in Washington, and nearly $13 million in Massachusetts. Forty-five percent of Washington's WIOA Title I funds are allocated for dislocated workers, indicating a relatively greater need for these services, compared with 39 percent and 30 percent for Massachusetts and Texas, respectively. Thirty-six percent of Texas WIOA Title I funds are directed toward youth, compared with 32 percent and 29 percent for Massachusetts and Washington, respectively.

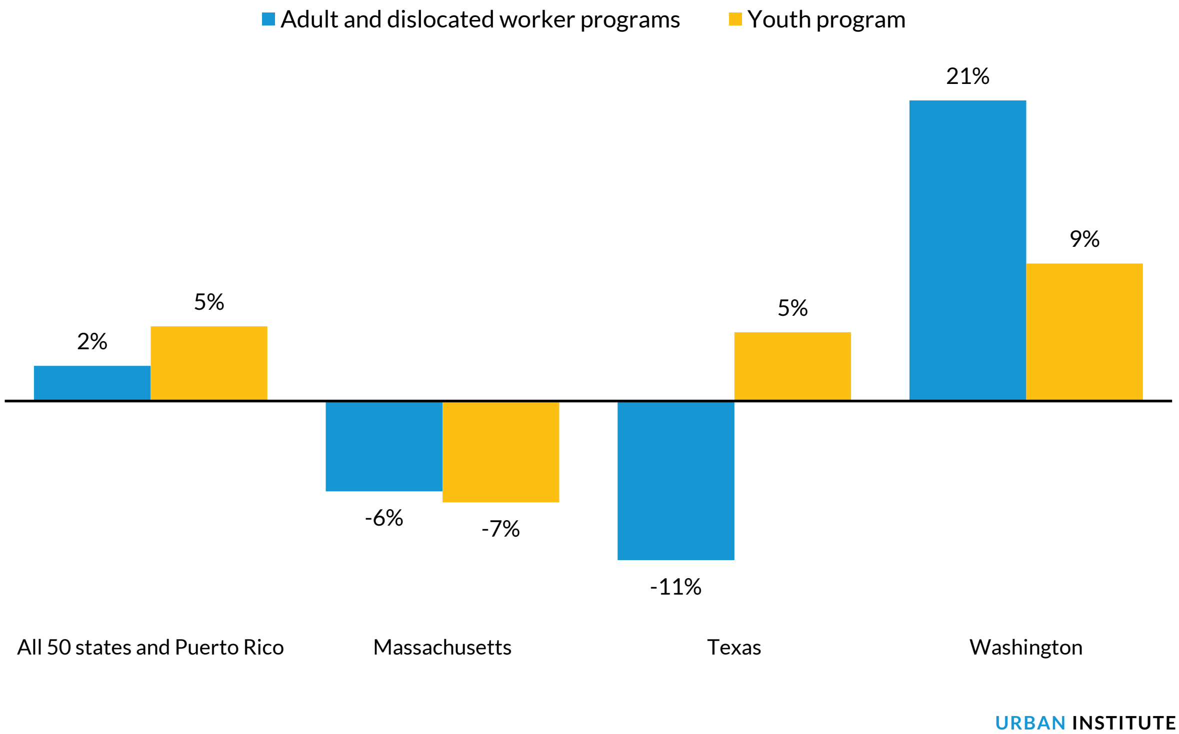
Five-Year Changes in WIOA Expenditures

Overall, federal funding for WIOA Title I programs increased between FY 2012 and FY 2017 for all 50 states plus Puerto Rico, as shown in figure 1. Expenditures for youth activities increased 5 percent overall compared with 2 percent for adult and dislocated worker programs; this amounts to a $42.9 million increase in adult and dislocated worker expenditures and a $41.5 million increase in youth expenditures.

Changes in federal funding for WIA and WIOA Title I programs have varied substantially by state. In Washington, both adult and dislocated worker and youth funding has increased by 21 percent and 9 percent—a $7.9 and $1.6 million increase—respectively. Federal funding allocated to Massachusetts for adult and dislocated workers and youth activities declined 6 and 7 percent ($1.9 and $1 million), respectively. In Texas, adult and dislocated worker program funding declined 11 percent, or $12.8 million, and the youth program funding increased 5 percent, or $2.6 million over the past five fiscal years. Some states facing substantial declines in federal funding for job training may seek ways to increase their state- and local-level funding as we discuss in the next section.

FIGURE 1

Percentage Change in WIOA Expenditures between 2012 to 2017



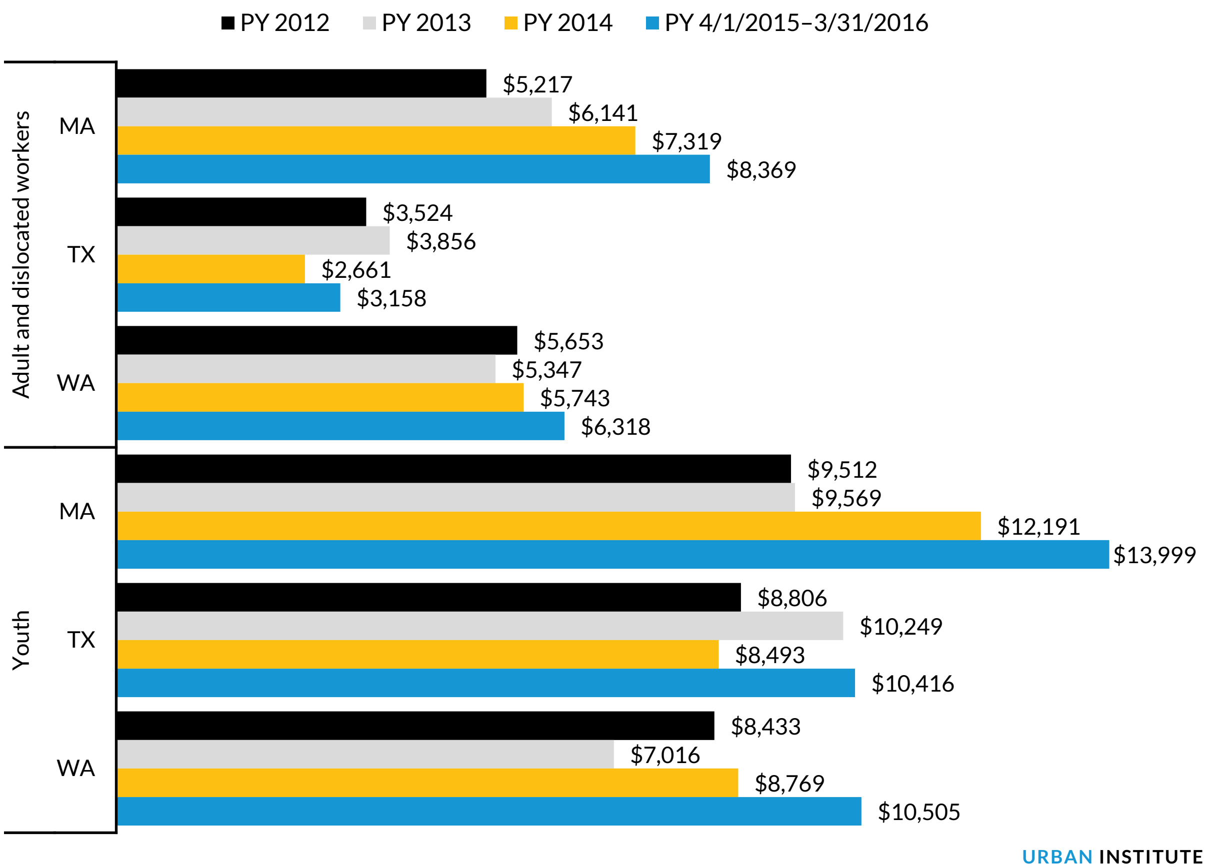
Sources: "State Statutory Formula Funding," US Department of Labor, Employment and Training Administration, last updated July 5, 2017, https://www.doleta.gov/budget/statfund.cfm; "Archive of State Statutory Formula Funding," US Department of Labor, Employment and Training Administration, last updated April 6, 2016, https://www.doleta.gov/budget/py01_py09_arra_archive.cfm.

Five-Year Changes in WIOA per Participant Expenditures

Figure 2 shows the per participant expenditures for the WIA Adult and Dislocated Worker program and for the Youth program from PY 2012 through PY 2015, which was before WIOA, but represents the most recent data available. In nearly every program year shown, Massachusetts spent more per participant for both adults and dislocated workers and for youth compared with Texas and Washington. For PY 2015, Massachusetts spent an average of nearly $8,400 per adult and dislocated worker participant compared with approximately $6,300 spent in Washington and nearly $3,200 spent in Texas. Given fixed program costs and differences in the cost of living, it is not possible to conclude that Texas is spending less per person on adults and dislocated workers than Massachusetts or Washington in PY 2015. In general, Massachusetts and Washington have been increasing per participant spending on adults and dislocated workers over the past four program years, and Texas has remained relatively flat, with some year to year variation.

FIGURE 2

Per Participant Expenditures for WIA Adult, Dislocated Worker, and Youth Programs



Source: Authors' calculations using WIA funding and WIA exiters.

Notes: The most recent one-year period with complete data on exiters is the period from April 2015 to March 2016. (PY 2015 WIASRD State Data Book, MA). Per person expenditure data for all 50 states are not available for the Adult and Dislocated Worker Programs because of errors in the number of exiters in the WIASRD data for several states; therefore, we exclude national numbers from this figure.

Figure 2 shows that states are spending substantially more, on average, for each youth program participant in WIA than for adults and dislocated workers. PY 2015 shows average WIA youth spending to be about $10,400 and $10,500 in Texas and Washington compared with $14,000 in Massachusetts.

This amounts to 1.7 times more money per youth participant in Massachusetts and Washington and 3.3 times more money in Texas, on average, compared to adult and dislocated workers in PY 2015.

State Funding for Job Training

This section describes how public funding for job training flows from the federal government to the state-level and from the state-level to the local-level and how states' supplement federal funding using other sources. Figure 3 depicts the funding flow for a typical workforce development system. Figures 4 through 6 illustrate the flow for Texas, Massachusetts, and Washington, respectively.

There are several key findings:

- Compared with federal WIOA Title I expenditures, these three states spend a substantial amount of other public dollars on workforce development training and related services.
  - » In Texas for FY 2017, expenditures for three state-funded statewide programs we identified were $48.6 million (table 3) or 30 percent of the $162.9 million in WIOA Title I federal funding.
  - » In Massachusetts for FY 2017, expenditures for three state-funded statewide programs we identified were $55.7 million (table 5) or 128 percent of the $43.6 million in WIOA Title I federal funding.
  - » In Washington for FY 2017, expenditures for six state-funded statewide programs we identified were $59.0 million (table 7) or 91 percent of the $64.9 million in WIOA Title I federal funding.
- By law, the majority of WIOA funding must be disbursed to local entities; however, these three states vary significantly in how centralized or decentralized their workforce development systems are. This varied structure impacts each state in the following ways:
  - » In Texas, where the workforce development system is fairly centralized, there is one primary public state agency—the Texas Workforce Commission (TWC)—disbursing all federal WIOA dollars to the 28 local WDBs. TWC also develops, disburses funds to, and oversees all state-funded statewide workforce development programs. The local-level workforce systems are similarly centralized—all but a handful of local WDBs disburse only federal WIOA funds.
  - » In Massachusetts, the workforce development system has two key state-level workforce entities—the Department of Career Services and the Commonwealth Corporation, both departments within the Executive Office of Labor and Workforce Development (EOLWD). The Department of Career Services disburses all WIOA formula funds to the 16 local WDBs. On the other hand, the Commonwealth Corporation disburses funds and oversees

the majority of state-funded statewide workforce development programs. The local-level workforce systems are also less centralized—both of the local WDBs that we interviewed receive funding from many different sources, including city governments. However, the city funds are invested in workforce training through the local WDBs.

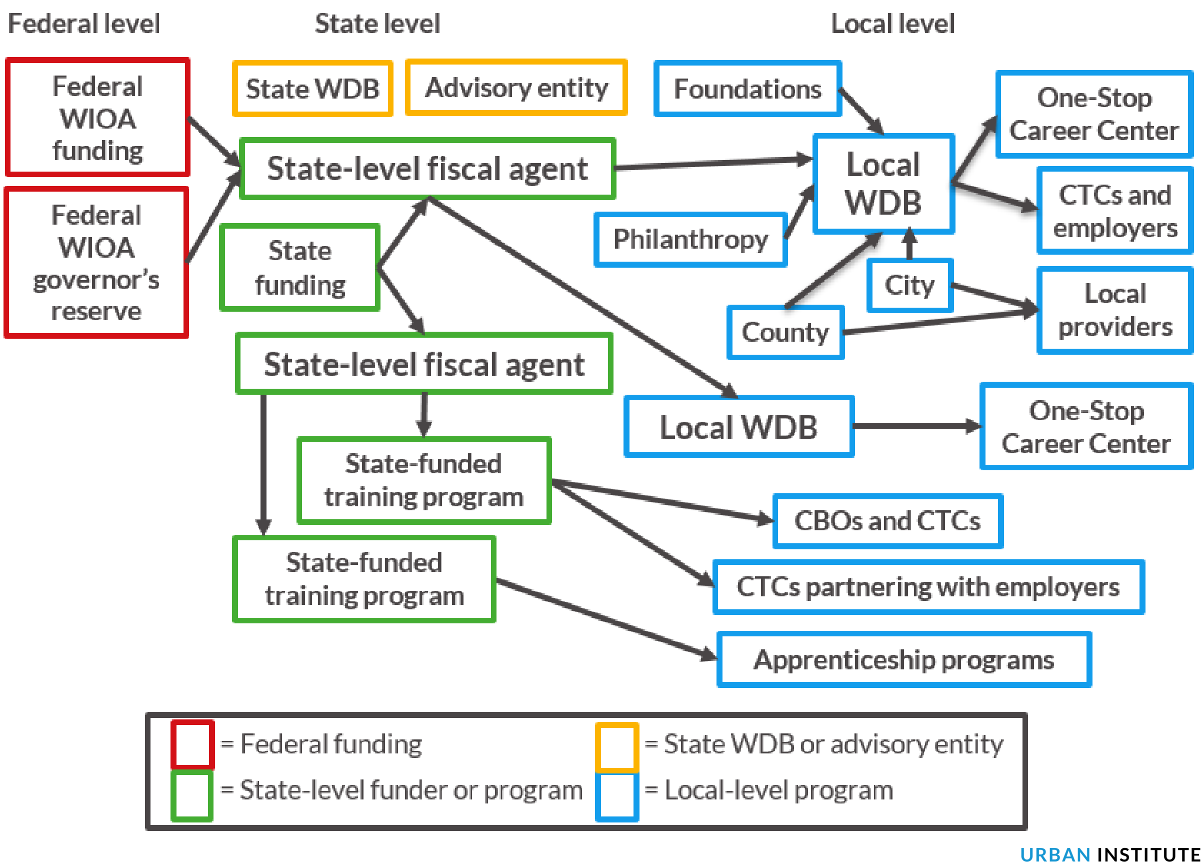
» In Washington, where the workforce development system is decentralized, there are seven public state-level agencies. Although the sources of federal funds are the same in all three states, in Washington, seven agencies disburse federal funding for separate workforce training programs, and one of these disburses all federal WIOA dollars to the 12 local WDBs. Each of these seven agencies receives state funding and oversees one or more major statewide workforce development programs. The local-level workforce systems are also decentralized—the local WDBs may receive funding from nonfederal sources; however, the county and city governments in Seattle design, fund, and oversee separate workforce programs that are not funded through the Workforce Development Council of Seattle-King County (hereafter the Seattle WDB).

Figure 3 depicts a simplified version of how funding commonly flows in the public workforce development system, from federal to state to local levels. In this figure (and in the actual system figures 4 through 6), yellow boxes identify advisory entities; red boxes identify federal funding sources; green boxes identify state-level agencies or programs; and blue boxes identify local-level funders or service providers. In this example system, there are two advisory entities (yellow boxes)—the state WDB and another state-level entity could be an industry or education agency. Federal funding flows to one state-level fiscal agent—defined as the agency that disburses funding. This state entity disburses federal funding to two local WDBs that would serve different local areas. In this example, one local WDB is funded only with federal WIOA funds that it uses to provide services at One-Stop Career Center(s). The second local WDB receives funding from foundations, philanthropy, and the city and county governments in addition to federal WIOA funds; this is less common. The local WDB then goes on to provide services through One-Stop Career Center(s) and CTCs partnered with employers. For illustration purposes, in addition to funding the local WDB, the county and city governments also independently fund local providers of job training. In some cases, Massachusetts demonstrates, there is a second state-level agency that receives state funding and disburses it to two different state-funded training programs—one funds CBOs, CTCs, and CTCs partnering with employers and the second funds apprenticeship programs.

Figures 4 through 6 depict how funding flows at each level for Texas, Massachusetts, and Washington. These are simplified portraits—the figures do not show every job training program, advisory agency, service provider, or funder. Federal expenditures for CTCs programs are also not depicted; however, we include state-level expenditures for CTCs because these represent a state's discretion to fund a particular need. We discuss local-level funders and workforce entities, which are depicted in these figures, in greater detail in the Strategies for Managing Funding section.

FIGURE 3

Public Funding Flows for Job Training



Note: CBOs = community-based organizations; CTCs = community and technical colleges; WDB = Workforce Development Board; WIOA = Workforce Innovation and Opportunity Act.

For all states, federal WIOA funding is overseen by each state's workforce development board. WIOA statute designates the responsibilities of each board to include, at a minimum, oversight of the One-Stop Career Centers and development of a state plan. The National Governors Association and the National Association of State Workforce Boards identified three critical roles for high-performing state workforce boards: (1) communicate a vision, (2) build strategic partnerships, and (3) keep the system accountable (Bartlett, n.d.). Although WIOA designates these responsibilities, WIOA implementation varies substantially at the state and local levels.

Texas Funding Flows

The Texas Workforce Commission (TWC) is at the center of Texas' workforce development system and has significant control in disbursing the majority of federal and state funding for job training and workforce development services throughout the state (figure 4). The TWC is the state fiscal agency for WIOA Title I and allocates $163 million in federal funds to the state's 28 local WDBs. In Texas, state-funded programs amount to $48.6 million or 30 percent of all WIOA Title I funds (table 3). To determine how the 15 percent governor's reserve should be spent, the governor provides input but TWC makes the final recommendations. The three commissioners who govern the TWC are appointed by the governor to represent the public, employers, and labor. The local WDBs contract with local service providers to provide job training and supportive services. With the exception of the Veterans' Employment and Training program, all DOL federal and state funding flows through the TWC, as shown in figure 4. TWC also administers funding for additional federal mandatory and discretionary grant-funded programs that can provide training, such as WIOA Titles II and IV, Senior Community Service Employment Program, Trade Adjustment Assistance Program, TechHire, YouthBuild, and employment-related programs that do not provide job training services, such as Wagner-Peyser Employment Services, child care, and other workforce services, that are not discussed here.

Texas has two primary advisory entities tasked with planning, evaluation, and identifying innovative workforce development models: the Texas Workforce Investment Council and the Tri-Agency Workforce Initiative. In 2015, the Texas state legislature designated the Texas Workforce Investment Council (TWIC) as the state WDB (figure 4 and table 2). TWIC serves in an advisory role, "assist[ing] the Governor and the Legislature with strategic planning for and evaluation of the Texas workforce system, which is composed of eight state agencies, their local program providers, and over 20 diverse and dynamic programs."[26]

TWIC is made up of 19 members. Fourteen are appointed by the governor and represent business and industry, organized labor, education, and community-based organizations, and five ex-officio members are from the TWIC's member state agencies. TWIC included several relevant state agencies on the board that were not traditionally part of the workforce development system, including the Health and Human Services Commission, the Departments of Criminal Justice and Juvenile Justice, and the Veteran's Commission (Bartlett, n.d.). In its advisory capacity, TWIC has five primary responsibilities: "(1) strategic planning; (2) evaluation and performance measurement; (3) research and continuous improvement; (4) review of state and local workforce plans and reports to ensure alignment with statewide goals and objectives; and (5) [maintenance of] the Texas Skill Standards system."[27]

In early 2016, the governor established another state-level advisory entity in Texas—the Tri-Agency Workforce Initiative spearheaded and staffed by the TWC, the Texas Education Agency, and the Texas Higher Education Coordinating Board.[28] After conducting statewide Regional Education and Workforce meetings, the Tri-Agency Initiative is tasked with identifying innovative workforce development models that advance public higher education initiatives, coordinate with industry partners, evaluate state and local web-based education, identify gaps in services for veterans, and make recommendations for improving the Texas workforce.[29]

TABLE 2

Key State-Level Workforce Entities in Texas

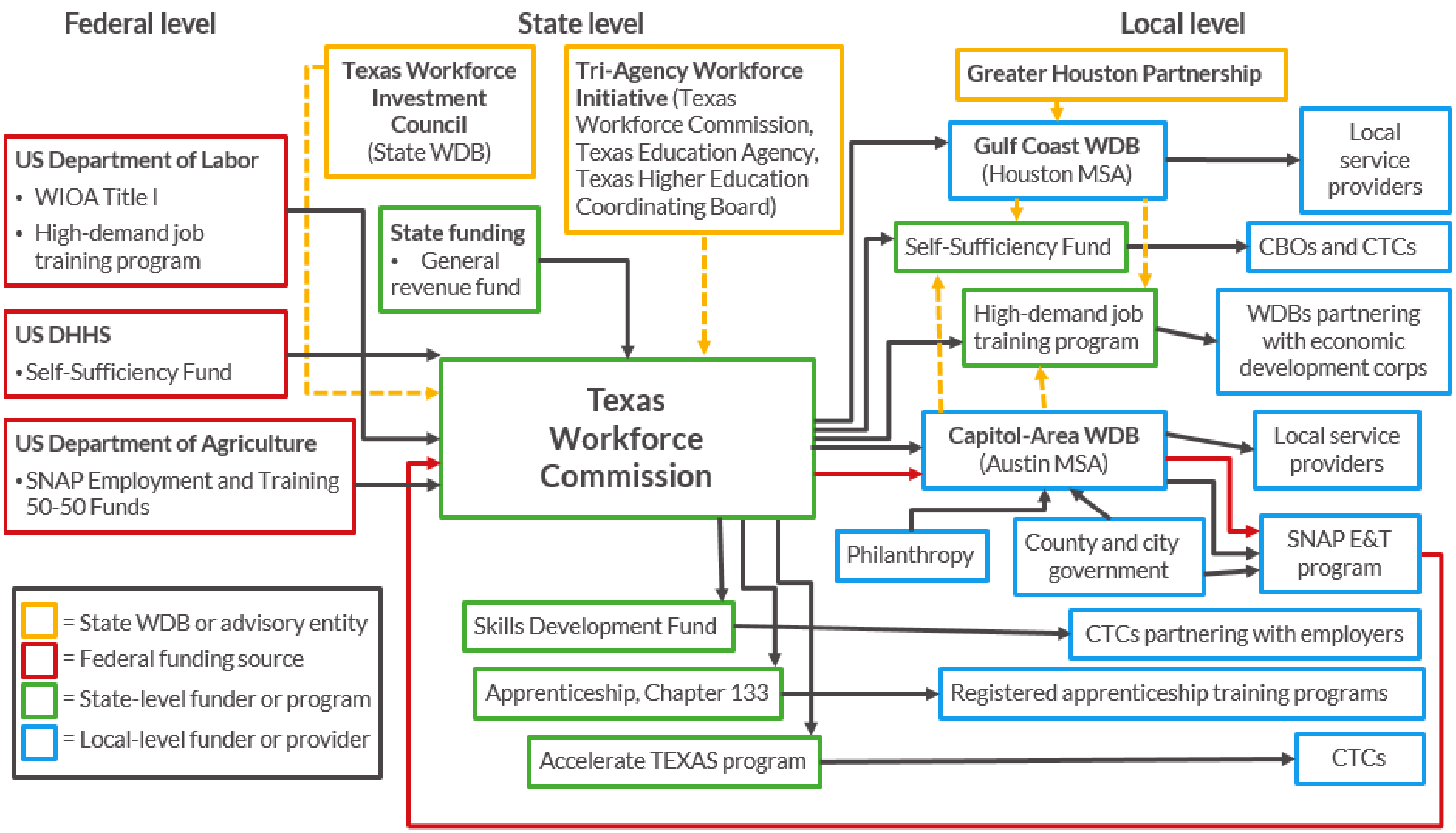
Entity	Entity's role	Primary duties
Texas Workforce Investment Council	State Workforce Development Board	Strategic planning and evaluation of workforce system
Texas Workforce Commission	Public fiscal agent	Distributes all federal WIOA and state funding for workforce development programs and services
Tri-Agency Workforce Initiative	Advisory	Coordinates with industry and education partners to identify gaps in services and make recommendations for improving the workforce

In addition to overseeing federal funding for job training, the TWC oversees and disburses funding for the major statewide job training programs that provide training at the local level. We describe three programs that are federally funded and three that are state-funded (table 3). The three statewide federally funded programs are (1) the Self-Sufficiency Fund providing services to Temporary Assistance for Needy Families and SNAP recipients, (2) the High Demand Job Training Program, and (3) the SNAP Employment and Training (E&T) 50-50 funds.

In addition to federal funds, TWC receives and allocates state general revenue funds for various job training programs. The statewide state-funded programs are (1) the Skills Development Fund, (2) apprenticeships under Chapter 133 of the Texas Education Code, and (3) Accelerate TEXAS. In FY 2017, the total funding for these three state-funded statewide programs was $48.6 million, which amounts to 30 percent of all WIOA Title I federal funding that Texas received. The statewide programs are aimed at fostering partnerships between local WDBs, CTCs, employers, and registered apprenticeship training programs. They receive recurring funding through Texas' General Revenue Fund.

FIGURE 4

Texas Public Funding Flows for Job Training



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Notes: Dotted yellow lines signify an advisory relationship. CBO = community-based organizations; CTCs = community and technical colleges; DHHS = Department of Health and Human Services; E&T = employment and training; MSA = metropolitan statistical area; SNAP = Supplemental Nutrition Assistance Program; WDB = Workforce Development Board; WIOA = Workforce Innovation and Opportunity Act. This figure depicts the public funding flows for the major workforce development entities that the authors interviewed. It is not meant to be comprehensive.

The Self-Sufficiency Fund is funded by $2.5 million from the US Department of Health and Human Services that the TWC distributes grants to local CTCs and CBOs (with the approval of the local WDBs) for customized job training that leads to industry-recognized certificates and credentials. The High Demand Job Training Program is funded by $1 million from WIOA. The TWC distributes funds for the program to local WDBs partnering with their local economic development corporations that, in turn, provide a one-to-one match from their economic development sales tax. These collaborative programs must include WIOA allowable activities and are targeted to address skill gaps in high-demand industries.

TABLE 3

Major Statewide Job Training Programs in Texas

Programs	Funding source	FY 2017 funding	Program description
Self-Sufficiency Fund	US Department of Health and Human Services	$2.5 million	Grants for CTCs and CBOs (coordinate with local WDBs) to provide customized job training leading to industry-recognized certificates and credentials.
High Demand Job Training Program	US DOL WIOA funds	$1 million	Funds local WDBs partnering with Economic Development Corporations to address skill gaps in high-demand industries.
SNAP Employment and Training 50-50 fund	US Department of Agriculture	$4.4 million + $38,000 reimbursement	Provides skills training, work experience, and supportive services. States spending nonfederal funds are eligible for a 50 percent reimbursement.
Skills Development Fund	Texas General Revenue Fund	$25.6 million + $15.8 million from business	Provides grants to CTCs that partner with businesses to develop customized job training programs.
Apprenticeships, under Chapter 133	Texas General Revenue Fund	$3.2 million	Provides grants to apprenticeship programs serving Texans age 16 years and older with a high school diploma or the equivalent.
Accelerate TEXAS	Texas General Revenue Fund	$4 million	Provides grants to CTCs for career pathway programs that aim to close the skills gap for underskilled and underemployed workers.

The SNAP E&T 50-50 funds can be an extremely valuable opportunity for local providers to receive a 50 percent reimburse for all nonfederal qualified spending (this is discussed in detail in the Leveraging Public and Private Funding section). The SNAP E&T program is funded by the USDA FNS. The program provides skills training, work experience, and supportive services to SNAP participants to help them achieve economic self-sufficiency. Federal funds for SNAP E&T pass through the TWC and are allocated by formula to local WDBs (funding flow shown with red arrows in figure 4). Local WDBs contract SNAP E&T services with local service providers, such as Goodwill Industries in Austin, Texas. All nonfederal funds spent on SNAP E&T services, such as city and county government funds, are matched by the federal government at 50 percent and reimbursed through the TWC back to the Workforce Solutions Capital Area in Austin (hereafter Austin WDB). The Austin WDB received $38,000 in reimbursed funds from USDA FNS. The Austin WDB is the first one of Texas' 28 WDBs to seek these matching funds, and this relatively small amount is expected to grow in the coming years.

The Skills Development Fund, Texas's largest state-funded training program, provides grants to CTCs that partner with businesses to develop customized job training programs for new and incumbent workers seeking to upgrade their skills. Since its inception in 1996, TWC has awarded over $408 million from the Skills Development Fund, including $25.6 million in 47 grants averaging $480,000 in FY 2017. Businesses provided in-kind contributions, including training space, equipment, and paying trainees' wages, totaling $15.8 million in FY 2017 (TWC, n.d.).

Texas' apprenticeships under Chapter 133 of the Texas Education Code are state-funded from general revenue for $3.2 million in FY 2017.[30] TWC disburses grants to local education agencies that are designated as a registered apprenticeship training program by US DOL. Apprenticeship programs serve Texans age 16 years and older who are legally qualified to work in the US and have a high school diploma or the equivalent.

Accelerate TEXAS, a program that is jointly supported by the TWC and the Texas Higher Education Coordinating Board, aims to close the skills gap for underskilled and underemployed workers. Funded with $4 million from general revenue, Accelerate TEXAS seeks to integrate or contextualize basic skills with entry-level job training to move people into careers and up the career ladder more rapidly. Twenty-eight college systems had enrolled over 6,000 students in programs throughout the state by June 2016 (Texas Higher Education Coordinating Board, n.d.)

Massachusetts Funding Flows

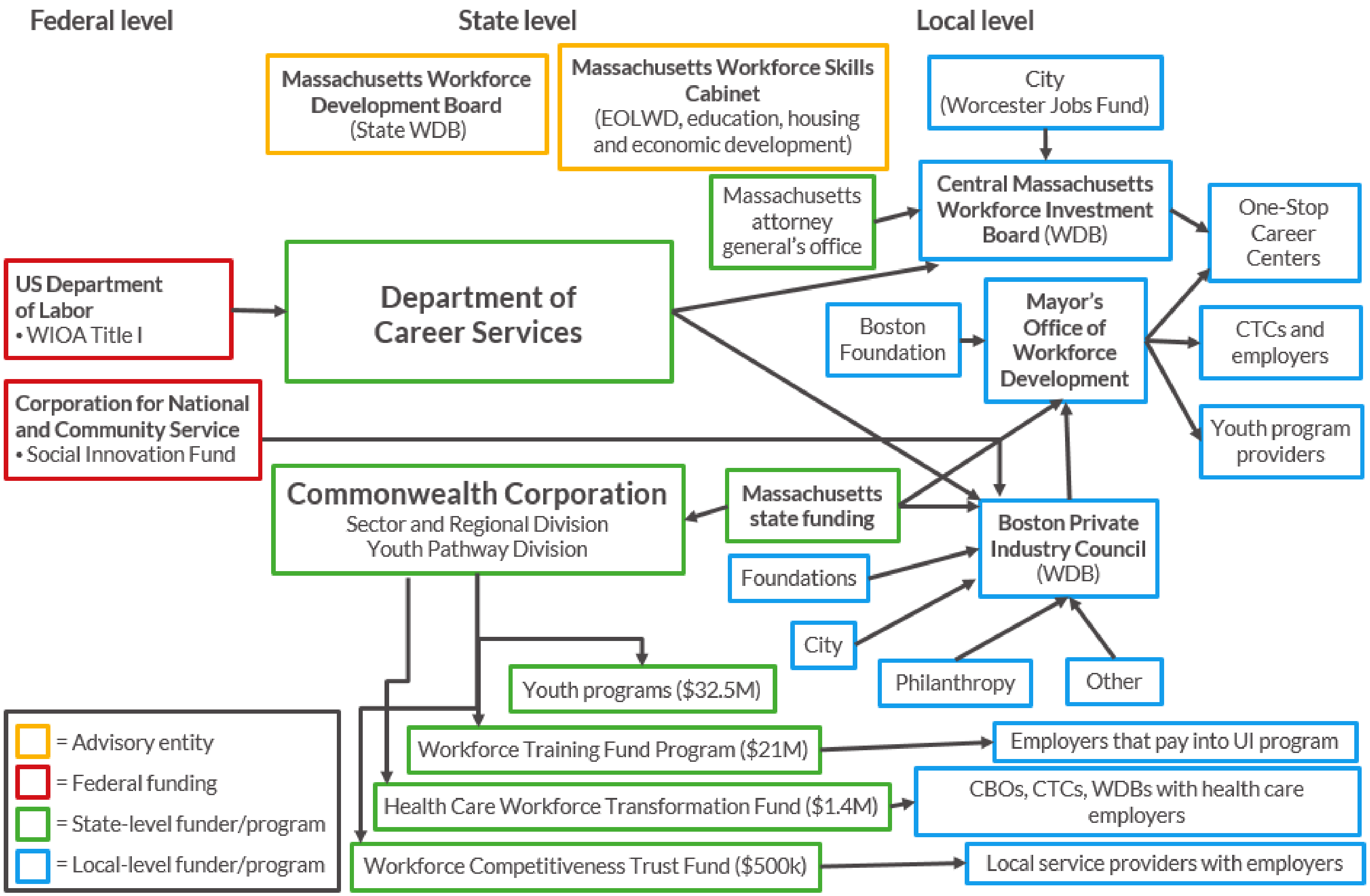
In contrast to Texas' centralized system, Massachusetts' workforce development system is led by two key state-level workforce entities—the Department of Career Services and the Commonwealth Corporation, both departments within the Executive Office of Labor and Workforce Development (EOLWD). These two key state agencies and the Massachusetts Workforce Skills Cabinet, an advisory body, are the three major workforce entities in the state (table 4).

The EOLWD was established in 2007 by then governor Deval Patrick as one of nine executive departments and is led by the secretary of labor and workforce development appointed by the governor. EOLWD manages the implementation of workforce development services, worker safety, and labor relations in Massachusetts. EOLWD oversees six departments, including the Commonwealth Corporation and the Department of Career Services. All WIOA formula funds, including $43.6 million in federal WIOA Title I funds, flow from the US DOL to the Department of Career Services within EOLWD where they are allocated to the 16 WDBs, and services are provided through the 33 One-Stop Career Centers throughout the state (figure 5).

Established in 1981, the Commonwealth Corporation is a quasi-public agency that manages several state-funded workforce development initiatives (approximately $35 million in FY2017) for the workforce system.[31] Massachusetts's state funding for job training programs amounts to 128 percent of the WIOA Title I funds. Although it works on behalf of the government, the Corporation is not a state agency, and its employees are not state employees. According to our interviews, the Corporation is designed to be small, and its quasi-public status makes it more agile than a state agency. It designs and executes new initiatives quickly, and it can hire staff more easily than a public entity. Its mission is to narrow the skills gap through workforce development programs for adults and youth in partnership with businesses and providers, including educational institutions. Public procurements require less lead time for the Corporation than for a state agency and may be used to do research and design work. The Commonwealth Corporation is under contract with the EOLWD for each initiative and receives a negotiated fee that supports initiative design, grant management, and technical assistance to grantees. With an annual budget of approximately $55 million ($52 million in FY 2018), the Corporation receives 96 percent of its funding from the Massachusetts state budget (Commonwealth Corporation 2017).

FIGURE 5

Massachusetts Public Funding Flows for Job Training



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Notes: WDB = Workforce Development Board. CTCs = Community and Technical Colleges. CBOs = Community-based Organizations. This figure depicts the public funding flow for the major workforce development entities that the authors interviewed; it is not meant to be comprehensive.

[The Commonwealth Corporation] can design, start-up, and execute a new initiative more quickly than a state agency can. If we are using public money we are still following public procurement guidelines, but we are smaller and more agile and can just move more quickly. We can bring staff on to work on something much more quickly than a state agency can, generally speaking.
—Rebekah Lashman, senior vice president of sector strategies, Commonwealth Corporation, Massachusetts

In early 2015, the governor established the Massachusetts Workforce Skills Cabinet (WSC), a state-level advisory entity in Massachusetts. The WSC is made up of three of the governor's executive offices—EOLWD, Education, and the Housing and Economic Development. WSC is tasked with identifying strategies to create partnerships between employers, educators, and the state workforce system. The WSC developed a regional planning initiative to align different state and local workforce agencies. The WSC also oversees the Workforce Skills Capital Grants program ($45 million), which awards grants for equipment purchases in vocational and technical training programs; however, it is shown in its advisory capacity in figure 5 because the grants program does not provide job training per se.

TABLE 4
Key State-level Workforce Entities in Massachusetts

Entity	Role	Primary duties
Department of Career Services	Public fiscal agent	Disburses WIOA federal funding for the adult, dislocated worker, and youth programs.
Commonwealth Corporation	Quasi-public fiscal agent	Designs and executes all state-funded workforce development programs in partnership with businesses and providers to narrow skill gaps
Massachusetts Workforce Development Board	State Workforce Development Board (WDB)	Develops plans and policies to coordinate services through the local WDBs and One-Stop Career Centers
Massachusetts Workforce Skills Cabinet	Advisory entity	Creates partnerships between employers, educators, and the state workforce system and administers the Skills Capital Grant Program

Most states redesigned their state workforce boards under WIOA, and, in early 2016, the Governor swore in the members of the new Massachusetts Workforce Development Board (MWDB), the state

WDB. With 33 members, the MWDB is an advisory entity that develops strategies and policies to coordinate services through One-Stop Career Centers and local WDBs that improve the public workforce system and enhance regional economies around the state by focusing on employers' growing need for skilled workers, as shown in figure 5.

In their role as a quasi-public fiscal agent, the Commonwealth Corporation disburses funding for several state job training programs in two divisions—the Sector Strategies division ($23.1 million) and the Youth Pathways division ($32.5 million). The Corporation administers several adult and youth workforce training programs in partnership with employers, CTCs, Boston Public Schools, and other training providers (table 5). The programs are the Workforce Training Fund Program ($22.3 million), the Workforce Competitiveness Trust Fund ($500,000) the Health Care Worker Transformation Fund (($1.4 million), YouthWorks ($11.5 million), Signal Success, and education and workforce transition services for youth in the Department of Youth Services ($20 million) (Commonwealth Corporation 2017).

TABLE 5

Major Statewide Job Training Programs Overseen by the Commonwealth Corporation in Massachusetts

Program	Funding source	FY 2017 funding	Program description
Workforce Training Fund Program	Employers pay 0.056% in Unemployment Insurance contributions	$22.3 million	Provides training grants to businesses for incumbent worker training
Workforce Competitiveness Trust Fund	State General Fund	$500,000	Provides grants to demand-driven training programs in sector partnerships to train under- and unemployed workers
Health Care Worker Transformation Fund	State General Fund	$1.4 million	Established $16 million in 2012 in grants for CBOs, WDBs, and educators to provide training for health care workers
YouthWorks	State General Fund	$11.5 million	Provides paid short-term work placements during the summer and school year at public, private, and nonprofit worksites
Signal Success	State General Fund	unknown	Work readiness curriculum to improve long-term employment outcomes for youth
Transition services for DYS youth	State General Fund	$20 million	Education and workforce transition services for youth in the Department of Youth Services

Washington Funding Flows

Compared with Massachusetts and Texas, Washington's workforce development system is the most decentralized (figure 6). Rather than one or two central state-level agencies, Washington has seven state agencies that manage the 16 statewide programs that make up the state's workforce development system.[32] The Workforce Training and Education Coordinating Board (WTECB) is the State WDB and an advisory entity.

Given the complexity of Washington's workforce system, we focus our discussion on the five state-level agencies that provide job training for adults or youth: the WTECB, the Employment Security Department, the State Board for Community and Technical Colleges (SBCTCs), the Department of Labor and Industries, and the Department of Social and Health Services (table 6). The Employment Security Department allocates $65 million in federal WIOA Title I funds to the state's 12 local WDBs. In Washington, state-funded programs amount to $59.0 million (91 percent) of all WIOA Title I funds (table 7). The governor determines how the 15 percent governor's reserve should be spent—most recently initiating two large statewide middle-skill job training programs.

The [workforce] system in Washington State…that's a little different from some other states, is that career and technical education really is fused into workforce development.…We've made a lot of strides to really try and connect industry—especially in our K–12 system—and our community colleges have been great at this for a long time, but recently the best work [has] really been going on in K–12 and registered apprenticeships.
—Eric Wolf, director of policy and programs, Workforce Training and Education Coordinating Board, Washington

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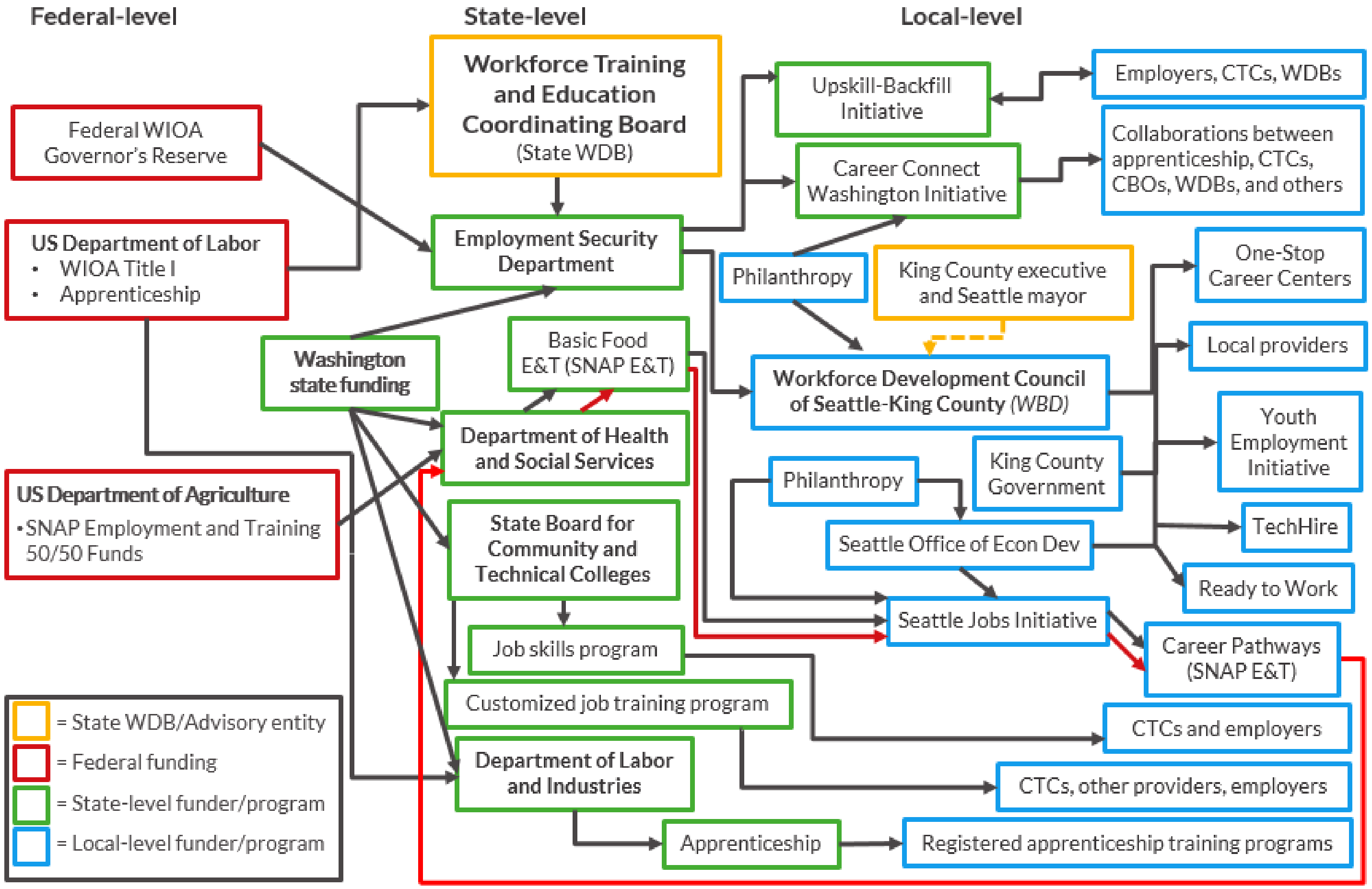
The WTECB is "uniquely small" as a state WDB—including 14 members (9 voting) appointed by the governor. The board explains its three primary responsibilities as follows:[33]

1. Advise the governor and legislature on workforce development policy.
2. Ensure the state's workforce services and programs work together.
3. Evaluate the performance of Washington's key workforce programs.

FIGURE 6

Washington Public Funding Flows for Job Training



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Notes: Dotted yellow lines signify an advisory relationship. CBOs = community-based organizations; CTCs = community and technical colleges; E&T = employment and training; SNAP = Supplemental Nutrition Assistance Act; WDB = Workforce Development Board; WIOA = Workforce Innovation and Opportunity Act. This figure depicts the public funding flow for the major workforce development entities that the authors interviewed; it is not meant to be comprehensive.

The WTECB has a bird's eye view over the state workforce system, and, as a state with very decentralized power, they must work diligently to collaborate and coordinate among all the county and municipal authorities and the educational provides statewide. Decisionmaking requires a strong consensus and can take more time.

Table 6 shows the primary duties for the four state agencies, and table 7 describe the training programs that each agency oversees. In addition to allocating federal WIOA funds, the Employment Security Department was recently tasked with disbursing the governor's reserve funding for the Upskill-Backfill and the Career Connect initiatives. And the governor, in conjunction with the WTECB, designed and developed these programs.

The SBCTC oversees the state's 34 public CTCs and several state-funded programs, including the Worker Retraining program, the Customized Training Program, and the Job Skills Program. The Department of Labor and Industries is tasked with overseeing the safety, health, and security of the workforce and the apprenticeship programs located throughout the state. Finally, the Department of Social and Health Services oversees the state's SNAP E&T 50-50 funds as well as all public benefits, including food assistance, cash benefits, medical programs, housing assistance, child services and support, youth services, adult care, mental health, and disability support for the state.[34]

TABLE 6
Key State-Level Workforce Agencies in Washington

Entity	Role	Primary duties
Workforce Training and Education Coordinating Board	State Workforce Development Board (WDB)	Advocacy, strategic planning, and program evaluation for the workforce system
Employment Security Department	Public fiscal agent for WIOA Title I and state-funded programs	Disburses federal WIOA Title I funds to local WDBs; disburses governor's reserve funds
State Board for Community and Technical Colleges	Public fiscal agent for state-funded programs	Advocates, coordinates, and directs Washington state's system of 34 public CTCs
Department of Labor and Industries	Public fiscal agent for state-funded programs	Oversees the safety, health, and security of Washington's workforce
Department of Social and Health Services	Public fiscal agent for the statewide SNAP E&T 50-50 funds	Oversees all public benefits programs and the SNAP E&T 50-50 funds

These five state agencies oversee the seven statewide programs described in table 7 that provide job training in Washington. The SBCTC oversees the Worker Retraining Program, the Customized Training Program, and the Job Skills Program (JSP) all funded from the State General Fund. In 1999, the Worker Retraining Program replaced the Employment and Training Trust Fund was established in 1993.[35] With nearly $39.8 million in state funding, the Worker Retraining Program provides dislocated workers and the long-term unemployed with access to job retraining for a new career. Program enrollments vary in response to layoffs and increase during recessions. Participants receive job-training skills, basic skills, and literacy training at one of the state's 34 CTCs.

The Customized Training Program was created in 2006 by the state legislature to provide job training to prospective, new, and incumbent employees.[36] Any business located in Washington and that provides jobs is eligible to partner with a training provider, such as a CTC or a private provider licensed by either the WTECB or the Higher Education Coordinating Board. Training may be either existing training or fully customized for a particular business. The SBCTC signs a contract with the training provider and the business. The Customized Training Program is funded from a revolving loan of $330,000. Training providers invoice the SBCTC for their costs, and, when training is complete, the business is invoiced for repayment with funds returned to the SBCTC. The payments may be made over 18 months interest free and businesses may claim a 50 percent tax credit for all payments.

The JSP funds training for new and incumbent employees—either retraining or upskilling—in partnership with businesses.[37] With a budget of $2.2 million in state funds, awards are granted to licensed educational institutions in Washington. JSP funds half of the training cost, and partner employers provide a cash or in-kind match to fund the other half. The JSP resources are targeted to employers with a shortage of skilled labor; in economically disadvantaged areas with high unemployment rates; in areas with dislocated workers, or in areas with new and growing industries. JSP trains approximately 3,500 participants each year in about 50 businesses.

The apprenticeship program is state funded with $2.1 million and trains about 14,500 individuals annually in 240 employer-employee sponsored training programs that meet state apprenticeship standards (WETCB 2015). Combining classroom study with extensive, paid, on-the-job training, apprentices train under the supervision of a journey-level craft person or trade professional. Apprentices are paid progressively increasing wages and benefits, such as health insurance and retirement benefits. Apprenticeships are in a range of industries, including asbestos workers and certified medical assistants. In Washington, registered apprenticeships are overseen by the Washington State Apprenticeship and Training Council and administered by the Department of Labor and Industries.

TABLE 7

Major Statewide Job Training Programs in Washington

Program	Department overseeing the program	Funding source	FY 2017 funding	Program description
Worker Retraining Program	State Board for Community and Technical Colleges	State General Fund	$39.8 million	Provides dislocated workers and the long-term unemployed with retraining for a new career
Customized Training Program			$132,000	Provides training for prospective, new, or incumbent workers
Job Skills Program			$2.2 million	Employers and prospective employees and individuals in the workforce
Apprenticeship	Department of Labor and Industries	Employer/employee contributions and funds from CTCs	$2.1 million	Training combines classroom instruction with paid, on-the-job training
Career Connect Washington (CCW) Initiative	Employment Security Department	WIOA Governor's Reserve + local leveraged funds	$6.4 + $12.6 million in local leveraged funds	Registered apprenticeships, technical training programs and other career-connected learning opportunities
Upskill-Backfill Initiative		WIOA Governor's Reserve + employer, CTC, and WDB investments	$1.6 million + $2.2 million in leveraged investments	Grants for seven regional sector-based partnerships to help employers "upskill" incumbent workers with training and "backfill" those jobs with new workers.
Basic Food Employment & Training (SNAP E&T 50-50 funds)	Department of Social and Health Services	US Department of Agriculture	$30 million	Statewide training program for SNAP recipients provided by all 34 CTCs, more than 30 CBOs,

Sources: Program descriptions are from WTECB (Workforce Training and Education Coordinating Board), *Workforce Training Results 2018* (Olympia, WA: WTECB, n.d.); program expenditures for the first four listed programs are for July 1, 2015 to June 30, 2016 (see "Washington Workforce Development Services," WTECB, accessed May 15, 2018, http://www.wtb.wa.gov/Documents/2018MatrixFINAL.pdf).

Both Career Connect Washington (CCW) and the Upskill-Backfill Initiative are overseen by the Employment Security Department at the request of the governor and are funded using the 15 percent governor's reserve in conjunction with a leveraged match. Announced by the governor in December 2017, CCW was developed by a public-private task force to accelerate career connected learning in Washington.[38] Developed by a task force appointed by the Office of the Governor and the State Workforce Board, CCW is not a program, it is a system that funds existing programs to work together as a single team. In December 2017, 11 partnerships across Washington were awarded $6.4 million in grant funding to create 29,000 youth apprenticeships.[39] The $6.4 million federal WIOA money from the governor's reserve that funds CCW is matched by local funds totaling $12.6 million. The governor's announcement follows a $1 million investment by JPMorgan Chase earlier in the year.[40] The Career Connect Washington initiative's goal is to connect 100,000 students by 2023 with employer internships, registered apprenticeships, and other career connected learning to prepare them for high-demand jobs.

The Upskill-Backfill Initiative was announced in 2017 by the Governor's Office in partnership with the WTECB. Using governor's reserve funds, the Initiative invested $1.6 million of federal WIOA funding in seven regional sector-based workforce collaboratives throughout the state. An additional $2.2 million in funding was leveraged through matching grants and employer contributions, for a total of $3.8 million invested.[41] Educational and training entities may receive a competitive grant to provide incumbent entry- and mid-level employees with training opportunities to "upskill" and advance in their careers while helping employers backfill their open positions with new workers, many of whom face barriers to work. Industries included in the first round of grants include health care, construction, and manufacturing (including aerospace).

The Department of Social and Health Services oversees the Basic Food Employment and Training program (the state's SNAP E&T 50-50 funding) funded by the USDA at $30 million annually. Washington state is a leader in using nonfederal funding to leverage reimbursements from FNS, as discussed in the next section. Unlike in many states, the program is statewide and provided by all 34 CTCs and more than 30 CBOs.

Strategies for Managing Funding

In the face of limited public funding, state and local public workforce development entities are developing innovative strategies for managing funding for job training. Public funding for job training comes in many forms, including as dedicated funding streams and through competitive funding processes, and, in most cases, public or private grants are "seed money" designed to fund a pilot or start a new program. However, these are attributes of existing funding streams that are largely immutable. In this section, we describe the various ways in which state and local entities are combining, leveraging, and managing public funds for job training. We provide some state-level examples as well as examples from our interviews with respondents from the five MSAs—Austin, Boston, Houston, Seattle, and Worcester.

We describe six strategies for managing public funding for job training programs:

1. Seeking diverse revenue sources
2. Leveraging public and private funding
3. Braiding and blending funding
4. Using dedicated fees to fund training
5. Managing funding for sector-based job training
6. Collaboration, coordination, and filling training gaps

Seeking Diverse Revenue Sources

Having many sources of nonfederal revenue can create flexibility to meet the needs of harder-to-serve workforce participants. Private funds from foundations may be less likely to be cut as a result of an economic downturn or a change in the political environment. Unrestricted funds can become a vital component of local WDBs' budgets because these funds can be used to bridge funding gaps in services or in programs.

The majority of local WDBs receive all their funding from WIOA. Of the five WDBs we interviewed, the Boston Private Industry Council (hereafter the Boston WDB) and the Austin WDB receive a portion of their funding from nonfederal sources, and, for the Boston WDB, it is a substantial amount. Similarly, the Worcester Jobs Fund is a new investment in workforce training by city government to the Central

Massachusetts Workforce Investment Board (hereafter Central Massachusetts WDB) and is designed to offset declining federal investments (figure 5). The Austin City and Travis County governments in Austin, Texas and the Seattle City and King County governments in Seattle have long-standing fiscal commitments to funding job training that will be discussed later in this report.

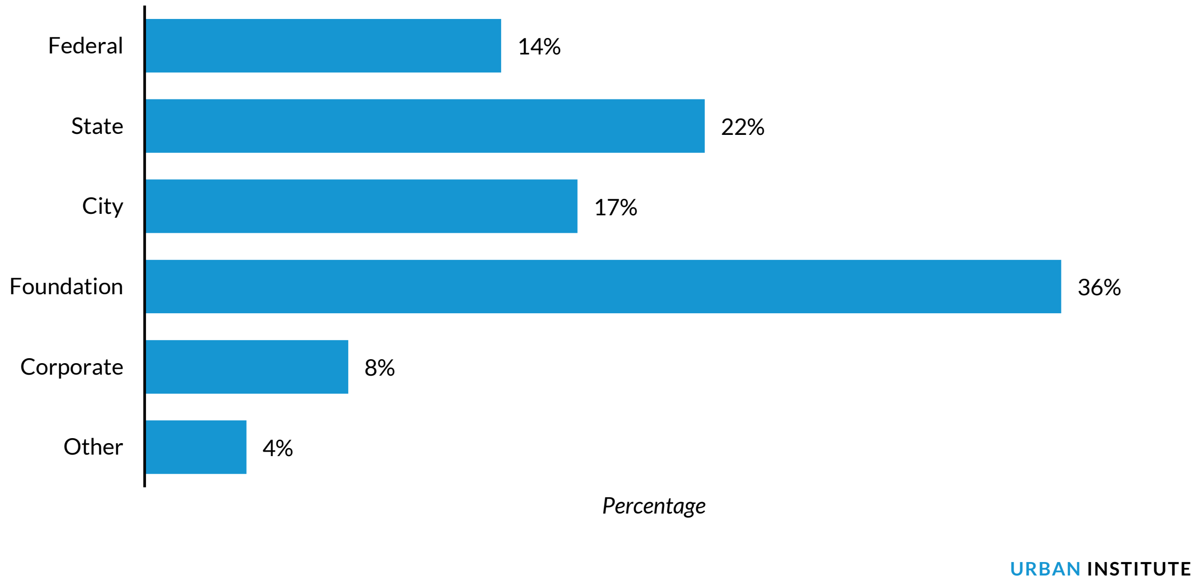
The Austin WDB has shifted from being a pass-through for federal funding to now actively seeking nonfederal funding. An estimated 14 percent of their budget is city or county government funds with a small amount from private corporations and philanthropy (figure 4). Recent private investments—from JPMorgan Chase and Google LLC—help make possible the development of the Austin MSA Master Community Workforce Plan, which provides a regional framework for collaboration among workforce development organizations and educational institutions (WSCA 2017).

The Boston WDB is large (with approximately 60 employees) and has unusually diverse revenue sources. Ten years ago, the Boston WDB was 85 percent publicly funded. In response to state and city funds being cut in half during the Great Recession, the Boston WDB sought out more diverse sources of funding, including foundation and corporate funds. As figure 5 shows, the FY 2017 operating budget for the Boston WDB is $6.35 million and is from six different sources. Federal funding from WIOA makes up only 14 percent of the Boston WDB's total budget and is smaller than the revenue from the city (17 percent), the state (22 percent), and foundations (36 percent). The remainder of revenue is from corporate contributions (8 percent) and other sources (4 percent).

Federal funds the Boston WDB receives are from WIOA and from two Social Innovation Fund grants—for postsecondary coaching at community colleges and for working with opportunity youth. In Boston, unlike other localities, CBOs are the only training providers that receive WIOA funding; CTCs do not receive WIOA funding. The Boston WDB also receives state funds; however, because of recent cuts in the state budget, the state funding is from the Workforce Training Fund (WTF). City funds that the WBD receives are through a noncompetitive contract and are directed to create new jobs for Boston residents. Thirty-six percent of the operating budget is from "dozens of foundations," and 8 percent is from 18 corporate donors offering unrestricted funds. In the past decade, the Boston WDB has worked very hard, devoting a significant amount of staff time and money, to cultivate relationships with funders. It is also plausible that using a pipeline perspective—the WDB examines each phase of education and workforce development while also considering a client's age and where major education and training institutions may fit into the strategy—has enhanced their fundraising.

FIGURE 7

Boston Private Industry Council Operating Budget by Revenue Source, FY 2017



Source: BPIC (Boston Private Industry Council), "Boston Private Industry Council 2017" (Boston: BPIC, 2017, 16).
Notes: Because of rounding, total may not equal 100 percent. The total budget for Boston Private Industry Council in FY 2017 was $6.35 million.

Figure 5 shows how the funding flows to the Boston WDB and from the WDB to the Mayor's Office of Workforce Development (OWD) and from OWD to local providers, including Boston's One-Stop Career Centers. Unlike other local WDBs, the Boston WDB works collaboratively with the OWD to develop workforce policies and to distribute funding for job training and workforce services. The Boston WDB meets each June and allocates funding, deciding how much is earmarked for job training and developing a list of eligible training providers who may access that funding. The OWD is the fiscal agent that distributes all the funding to the eligible training providers.

The challenge is that funders have their own ideas and objectives and reporting timelines. Our job is to have a strategy and to knit together various revenue streams and their requirements in order to pursue that strategy. When we get general consensus in the community about what should happen in education and workforce development and funders start to fund in that direction, we are able to synthesize it wondrously, but that takes a lot of work and foresight.

—Neil Sullivan, executive director, Boston Private Industry Council, Massachusetts

With approximately 40 different revenue streams supporting the Boston WDB's operating budget, several challenges arise. Some public revenue sources are large and consistent; however, when they are reduced dramatically it is challenging to replace that funding with privately sourced money. Private revenue is often in the form of short-term program grants, and, when it ends, it is challenging to sustain the program activities. Cultivating private sources of funding requires a lot of staff time, money, and continual effort, especially because the funding may be short-lived. Another challenge is that the Boston WDB must generate a strategy for workforce training and education and then combine funding streams, often with varied requirements, to achieve that strategy. Designing a strategy that appeals to different funders who may have very different goals for their investments is also challenging. This braiding together of funding streams, discussed in detail below, may require the Boston WDB to report performance and outcomes separately to their funders and in ways requested by the funder.

The nice thing about government is that revenue streams are recurring, in general, whereas program grants last three or four years. Our job is to sustain activities that make a difference, even as private funding priorities shift and evolve.
—Neil Sullivan, executive director, Boston Private Industry Council, Massachusetts

Leveraging Public and Private Funding

Public or private workforce development entities may use current or future funding to *leverage* additional funding from one or more other sources. By leverage, we mean using funding to maximum advantage by bolstering one funding stream with others. Leveraging may be a requirement for receiving the funds, such as when matching funds are required, or may be voluntary, such as when funds in-hand are used to solicit additional funds. Leveraging may occur in both public and private spheres as well as at multiple levels of government. It may involve an informal agreement between different workforce system entities or a formal agreement where a specified match is required. Leveraging is typically viewed as an effective strategy for increasing available funds. However, there are potential drawbacks to leveraging that we discuss at the end of this section.

Leveraging funding can take many forms. Public dollars can be used to leverage other local, state, or federal dollars or public dollars can be used to leverage private investments from employers, corporate philanthropy, or foundations.

Public Funding Leveraging Other Local, State, or Federal Funding

The SNAP E&T 50-50 funding provides an opportunity to leverage state funds to gain more federal funds. All states are required to operate SNAP E&T 50-50 funding, and, in FY 2016, the targeted allocation[42] to states for this program was $427 million (Falk, Lynch, and Tollestrup 2018). States that spend all of their formula-based grants, may leverage additional federal funds using the 50-50 reimbursement program. Spending on SNAP E&T services that is from nonfederal sources—including state, county, city, corporation, or foundation funding—are eligible for a 50 percent match by FNS (USDA 2016) (figure 8). SNAP E&T 50-50 reimbursement funds are not capped, making them an excellent source of additional training dollars.

All of the three states we interviewed receive SNAP E&T 50-50 matched reimbursements to varying degrees.[43] SNAP E&T funding flows are shown using red lines in figures 4 and 6 for Texas and Washington, respectively. USDA FNS funded a two-year technical assistance project called SNAP to Skills led by the Seattle Jobs Initiative. The project was designed to assist 10 states[44] in developing and expanding their SNAP E&T 50-50 funding flows with the goal of increasing matching funds received.[45]

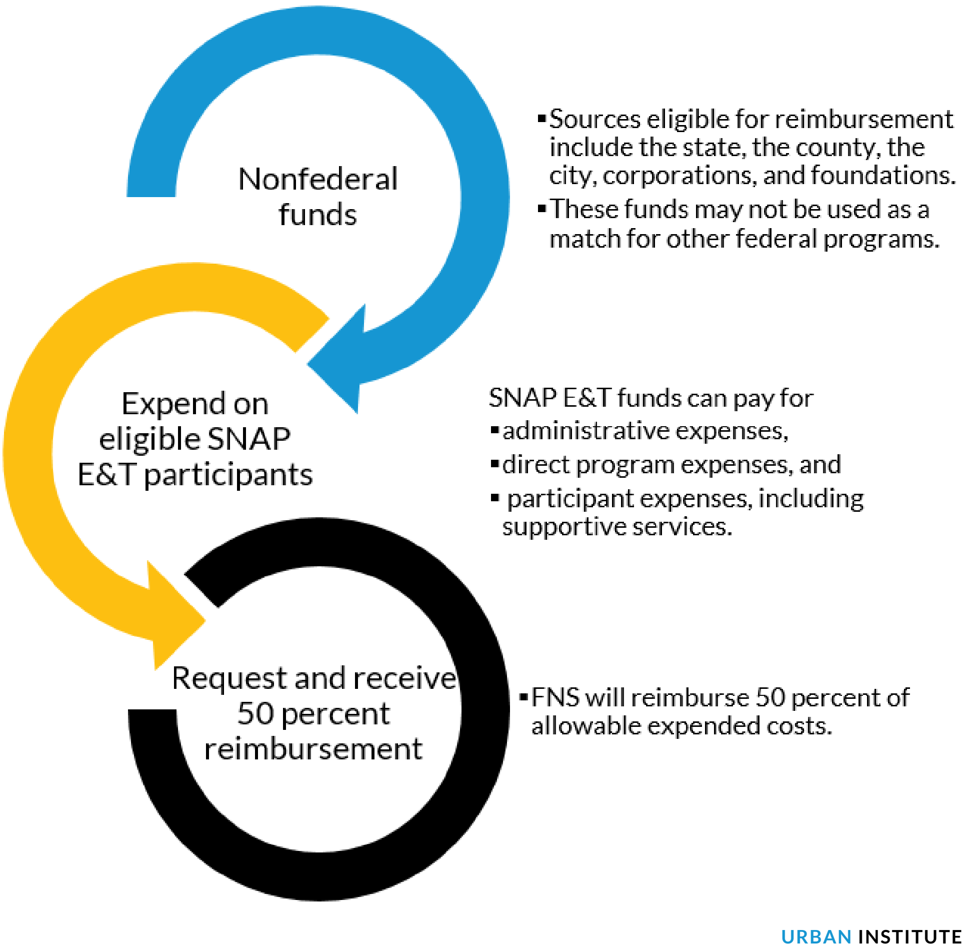
Nationally, Washington is a leader in leveraging SNAP E&T funds through their state-level program, Basic Food Employment and Training (BFET) program (figure 6). The federal funding flows from the USDA FNS to Washington's Department of Social and Health Services (DSHS). DSHS collaborates with the State Board for Community and Technical Colleges (SBCTC) to operate the state-level BFET program by partnering with nearly 30 CBOs and 34 CTCs statewide.[46]

The Seattle Jobs Initiative with support of Seattle's Office of Economic Development administers, develops, and expanded the SNAP E&T 50-50 reimbursement grants. The Seattle Jobs Initiative is a nonprofit organization whose mission is to create opportunities for low-income individuals to receive training that leads to a living wage career. The BFET program, using local, private, and state funds as the required nonfederal funds, has leveraged an additional approximately $800,000 annually. The Seattle

Jobs Initiative uses this additional investment to support SNAP E&T participants with case management, support services, and career navigation services.

FIGURE 8

SNAP E&T 50-50 Funding



Note: FNS = Food and Nutrition Service; SNAP E&T = Supplemental Nutrition Assistance Program Employment and Training.

In Massachusetts, the SNAP to Skills program assisted the state in dramatically increasing its SNAP E&T reimbursements by streamlining the participant intake and enrollment process.[47] At the time of publication, 56 third-party providers,[48] including large job training providers such as Jewish Vocational Services, were signed up to train SNAP E&T recipients and receive the 50-50 match dollars.

The Austin WDB, is currently the only entity in Texas that is leveraging federal SNAP E&T 50-50 funds through third party reimbursement, as shown in figure 4. The City of Austin and Travis County fund the local Workforce Education and Readiness Continuum (WERC) program using nonfederal city and county funds from the State General Revenue to provide SNAP E&T services. The Austin WDB contracts with C2 GPS LLC, the manager of 35 career centers located throughout Texas, to provide recruitment, job search, education, training, and work experience services (TWC, n.d.).[49] The Texas Workforce Commission provides technical assistance and collects monitoring data from the Austin WDB, and, in turn, receives 5 percent of all leveraged SNAP E&T dollars. The Austin WDB intends to expand the SNAP E&T 50-50 funds in the Austin area.

Obtaining the SNAP E&T 50-50 reimbursement is not without its challenges. First, many WDBs may not be able to meet the requirement to use nonfederal funding because the majority of WDBs are entirely federally funded. That said, Washington's statewide model uses the state-level BFET program to run the SNAP E&T 50-50 funding along with up to 30 local CBOs, such as the Seattle Jobs Initiative, partnering with 34 CTCs. Second, in states and localities with the appropriate sources of funding, the SNAP E&T services may be one of many competing priorities. Third, in Texas, and perhaps in other states as well, where all federal workforce dollars flow through one main entity—the Texas Workforce Commission—expanding the SNAP E&T 50-50 reimbursement grants may create an administrative burden for this agency, which already has so many funding streams to manage. Fourth, regardless of how it is implemented, the SNAP E&T 50-50 reimbursement grants require monitoring and tracking all eligible participants, which may pose administrative challenges. One respondent in Massachusetts indicated that the primary challenge to expanding the SNAP E&T reimbursements is "the capacity to clear administrative hurdles."

Public Funding Leveraging Private Investments

The second type of leveraging is using public dollars to leverage private investments from employers, corporate philanthropy, or foundations. These privately funded grants are most often several thousand to a million dollars or more in seed money designed to jump-start a new innovative workforce initiative or to test a pilot training program, and much of these funds go to support sector-based middle skill job training. For example, JPMorgan Chase invests millions of dollars in Massachusetts, Texas, and Washington through various local service providers, including to CTCs, nonprofit organizations, employers, foundations, and many local WDBs. JPMorgan Chase has increasingly invested in numerous organizations in Washington amounting to about $2.8 million in 2015, $3.4 million in 2016, and $3.8 million in 2017.[50] In the overwhelming majority of cases, the private funds are being leveraged as part of a larger initiative funded with public or private sources.

For example, the Seattle WDB developed the Workforce Opportunity Systems pilot program collaboratively with the Seattle Housing Authority, the Seattle College District, the Seattle Jobs Initiative, and the Financial Empowerment Network. This program is designed to provide career planning, job preparation, and placement in middle-skill career pathways for Seattle Housing Authority residents. JPMorgan Chase invested in many of these partners over the course of three years totaling $770,000 in 2014, $985,000 in 2015, and $440,000 in 2016 for the Workforce Opportunity Systems program.[51] The program resulted from several public workforce entities designing a comprehensive middle-skill training pilot program with public investments from all partners. Many of these public entities were able to leverage seed funding from JPMorgan Chase by matching the investments with public dollars for an innovative program with performance goals and measures.

The Gulf Coast Workforce Board (hereafter the Houston Area WDB) cited several examples of using their public funds to match or leverage other private and public sources of job training dollars. For example, one of their projects involves a 50-50 match of WDB public dollars with the City of Houston's private philanthropic dollars to provide training in the instruction trades to prepare workers to rebuild after Hurricane Harvey.

Both Massachusetts and Texas respondents indicated that leveraging funds at the state-level was common and varied. Commonwealth Corporation in Massachusetts indicated that the funding they distribute is always combined with other sources saying that, "[They] can't even think of [a program] that is solely reliant on Commonwealth Corporation for funding [because] that is just how programs manage themselves these days. [Commonwealth Corporation is] probably the most generous funder in terms of what [they are] willing to pay as a public funder, and still [Commonwealth Corporation is] not paying for the whole cost." The Texas Workforce Commission said that leveraging requirements vary widely; for example, Hurricane Harvey prompted US DOL WIOA dislocated worker funding for an upskilling initiative where local WDBs could apply for funding but were required to leverage 50 percent of the funding locally. Other initiatives, however, may have a 25 percent leveraging requirement or no leveraging requirement.

There are challenges to leveraging private funds. Some public entities, such as city and county governments, may have limits on the way funding can be structured or cannot move quickly to meet matching requirements One city government official said that, as a workforce development leader in the community, the WDB is in a better position to leverage funds from multiple sources; therefore, transferring city funds to the WDB for them to leverage was the best way to maximize leveraging. A county government official echoed this sentiment saying that they are looking to have their dollars leveraged by others, such as local foundations and WDBs, that may have greater spending latitude and can respond rapidly to invest in job training gaps. Another respondent indicated that successfully leveraging private funds requires carefully aligning the public entities goals with the goals of private philanthropy. Although leveraging is valuable because it increases the amount of money being spent on job training, it may also increase the complexity of reporting outcomes, increase the effort spent on collaboration, and leave some entities feeling as though they have "been leveraged."

Braiding and Blending Funding

Braiding and blending funding streams are two mechanisms to combine funding from different sources. Both increase the potential for leveraging and efficiency as well as provide greater flexibility to more easily purchase services and better serve individuals facing barriers to job training and employment. The Austin, Travis County, and the Austin WDB are also using braided funding to coordinate services and prevent duplication. Braiding funding occurs when funds from different sources are pooled to pay for supportive services or for a job training program. Braided funding requires the recipient to track spending and report outcomes for each source separately, as is required by federal WIOA funding. Blending funding occurs when funding streams are combined in ways to provide services or training with no separate reporting requirements. Although outcomes may still need to be tracked when funds are blended, blending reduces financial administrative reporting.

The Austin WDB is experienced in braiding public funds from several different sources, which increases efficiency by reducing the potential for overlapping services and is an important step toward building an inclusive local agenda. Nearly a decade ago, the Austin WDB, the City of Austin, and Travis County governments were all separately investing in workforce training and services that were often provided by the same CBOs; this led to the potential for duplicating services. Then, seven years ago, the local WDB, the city, and the county started collaborating at a programmatic-level, which yielded better client outcomes and reduced potential duplication. After the three entities saw the improved client outcomes, the Austin WDB began braiding local city and county funding streams with federal WIOA funding and continued to contract out services through local providers.

Seven years ago, when we started working with our local government, our city, and our county…[w]e negotiated with them that the Workforce Board can essentially be a broker of those services, and have the money flow from local government through the workforce

board…We could do it in a way where we could better braid together federal resources with those local resources.
—Tamara Atkinson, chief executive officer, Workforce Solutions Capital Area, Austin

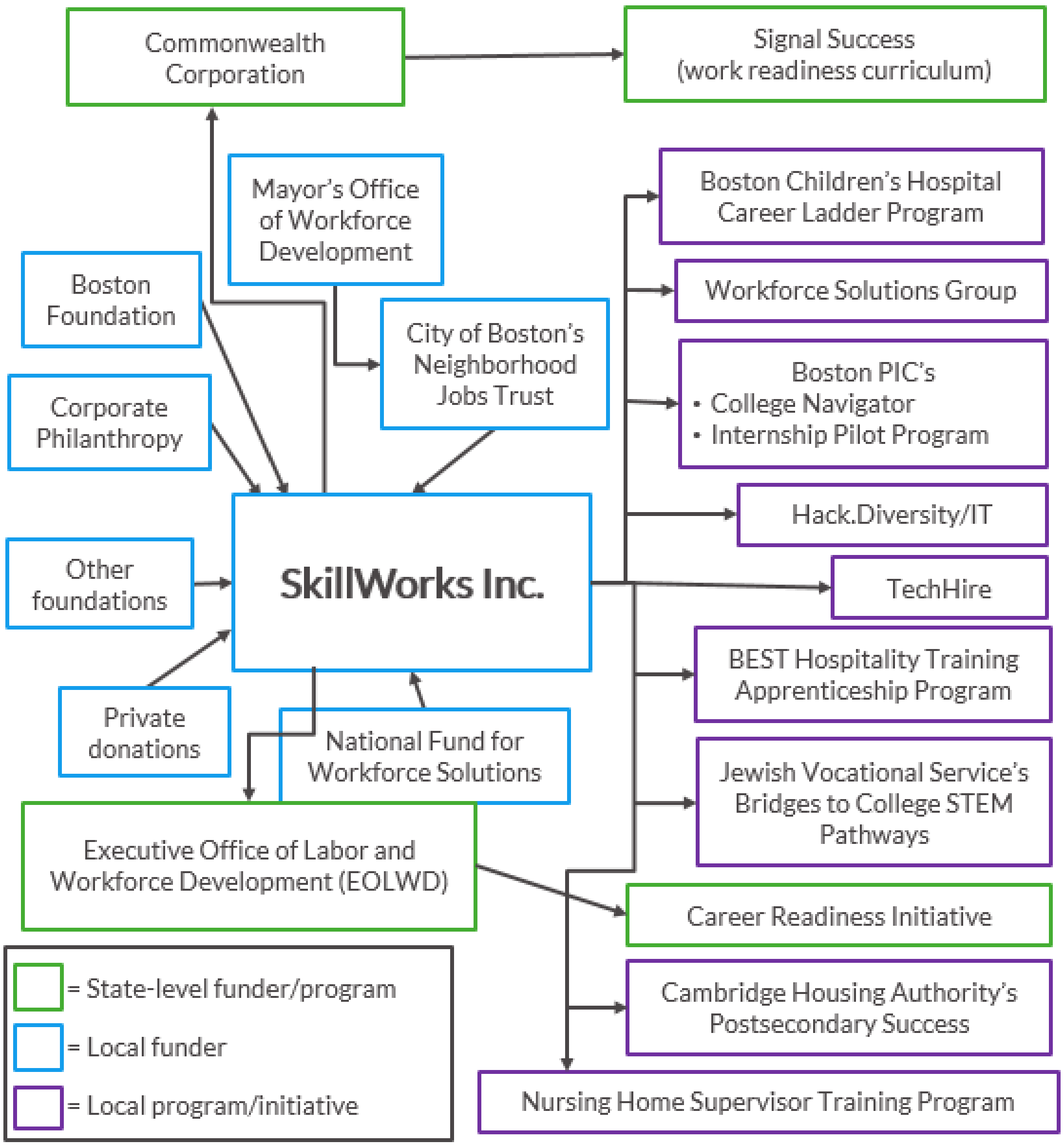
Meeting WIOA performance measures may reduce a WDB's desire to serve clients with barriers to work who may need greater support services to obtain and retain employment. Therefore, the Austin WDB also braids local funding with federal WIOA funding to increase their flexibility to serve target populations, such as clients with barriers to work or undocumented workers, who cannot be served with WIOA funding. Using local government funds, the Austin WDB contracts with providers that can meet the needs of high-barrier individuals by providing support services that are necessary to make clients job ready. The local government is willing to pay for services for clients with barriers because their required outcomes are different from WIOA's. Once clients are job ready (this does not always happen), they are transitioned to federally funded WIOA services and may then be counted in WIOA performance measures. This braids the local funding with the federal funding while still meeting federal WIOA performance requirements. Similarly, some Austin WDB staff are paid using 100 percent local dollars and others are 100 percent federally funded. Working side by side, staff may be aware of the funding sources; however, this strategy is seamless for the client who is unaware of where the funding for services and training is coming from.

Blended funding is more appealing than braided funding because funders do not request that outcomes be reported separately for each contribution, pooled funds may be used to support any part of a program, and the workforce entity may report performance measures uniformly. In Massachusetts, SkillWorks Inc. was founded in 2003 as a regional funding collaborative[52] with public and private funding. SkillWorks was cocreated by the CEO of the Boston Foundation and the mayor of Boston, and both saw a role for an organization that could better bridge opportunities for lower-income, lower-skill residents in Boston into employment. It was also created, at least in part, to be a flexible pool of workforce development dollars that was not regulated by WIOA.

With an annual budget of about $1.3 to 1.5 million, SkillWorks blends funding from many different sources, primarily private (figure 9). The only public funding is the 25 to 30 percent of their budget is from the City of Boston's Neighborhood Job Trust (NJT), 20 to 35 percent is from the Boston Foundation, and the remainder is from other foundations, individual donors, and corporate philanthropy. SkillWorks uses existing funding to entice corporate philanthropy. New funders are interested in knowing who the current funders are, seeing SkillWorks's consistently positive outcomes, and whether their contributions will be leveraged.

FIGURE 9

SkillWorks Funding Sources and Initiatives It Funds in 2017 and Beyond



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Notes: Because of space limitations, local program and initiatives shown are only for 2017 and beyond. PIC = Private Industry Council

We're developing a concept now to model a new way of doing business in workforce development in response to the future of work and to support that model with a substantial investment pool among philanthropic and employer partners that have human capital needs and are also thinking about ways to support the future of work and our local talent pipeline.
—Marybeth Campbell, executive director, SkillWorks Inc.

Blending funding is SkillWorks's appeal because regardless of the amount of an individual investment, SkillWorks reports outcomes for each initiative in the aggregate. The only limitation on SkillWorks's pooled funds is that funds may only be used to serve Boston residents. Each active funder of SkillWorks has one vote in approving their recommendations and strategic plan regardless of how much funding they give.

Using Dedicated Fees to Fund Training

In this section, we describe examples of statewide and local job training programs funded through fees. These examples provide ongoing, dedicated funding streams. Dedicated fees can be a substantial source of funding for job training. For example, one such fund in Massachusetts amounts to 75 percent of the FY 2017 federal WIOA funding the entire state received for the adult and dislocated worker activities programs combined.

In Massachusetts, the Workforce Training Fund (WTF) is a state-level training program administered by the Commonwealth Corporation (figure 5). Its purpose is to provide Massachusetts employers with the resources needed to upgrade the skills of their incumbent and new workers. WTF is generated from a 0.056 percent[53] quarterly assessment on unemployment insurance contributions. Businesses that pay into the WTF are eligible to apply to the Commonwealth Corporation for training grants. In FY 2017, $22.3 million in job training grants were awarded through the WTF—this represents 75 percent of all federal WIOA funds for adults and dislocated workers (Workforce Training Fund 2017).

There are four types of grants available through the WTF. The General Program is the largest and awarded $18.0 million in competitive grants to businesses of any size to train current and newly hired workers. The 178 training grants range from $10,000 to $250,000 and involve 206 businesses in 12 different industries, which plan to train nearly 11,000 workers. The Express Program awarded approximately $2.4 million in 512 grants to 388 small businesses (fewer than 100 employees) with a maximum award of $30,000 and with no more than $3,000 spent per employee per course in each calendar year. The Express Program is slated to train 3,164 employees[54] through these grants. The Direct Access Program reimburses approved training organizations for providing frequently demanded training, such as, supervisory and management skills, computer skills, and English language instruction. Businesses seeking training slots do not pay for the training but must pay wages for any time spent in training paid for through the program. By the end of FY 2017, training organizations were reimbursed for $1.9 million to train 3,561 workers from over 400 businesses. The fourth program is a pilot On-the-Job (OTJ) program where One-Stop Career Centers refer a long-term unemployed individual (those unemployed from 30 to 166 weeks) to a business where they receive training on-the-job in positions paying from $12 to $16 (Workforce Training Fund 2017).

At the local-level, Boston created the NJT in 1987 from fees on commercial developers. The Mayor's Office of Workforce Development (OWD) administers the NJT. The purpose of the NJT is "to ensure that Boston's low- and moderate-income residents directly benefit from large-scale real estate development in their city." [55] The NJT funds jobs, skills training, and related services, and all services must benefit Boston residents. The NJT competitively awards grants to training service providers, such as Jewish Vocational Services and Action for Boston Community Development. The NJT also provides grants to organizations, such as SkillWorks and Boston Housing Authority's Charlestown Adult Education, to help them leverage funding from other sources.

Commercial developers in Boston with projects having greater than 100,000 square feet must pay a fee of $1.67 per square foot. When the fee is paid, developers have two choices:

1. A "job contribution grant" is a payment to the NJT that can then be administered through a competitive grant to training and service providers; or
2. A "job creation contribution" is a payment to the NJT that will be used to create a job training program for workers to be employed permanently at that developer's project (City of Boston, n.d.).

At least 20 percent of any payment is reserved for services for the residents of the neighborhood closest to where the project is located.

In March 2016, $1.2 million was awarded in grants to 17 CBOs that are expected to serve 340 residents in various industries, including hospitality, health care, and banking and finance. As one respondent in Boston noted, “[NJT funds are] probably our best opportunity to get flexible training dollars that can be used for middle skills, because, to be honest, there really isn't a lot of it around.” Upon placement in a job, past participants in an NJT-funded training or education program earned an average wage of $15.23 per hour. In addition, the majority of residents (69 percent) NJT programs serve live in neighborhoods with higher unemployment rates, including Dorchester, Roxbury, East Boston, and Mattapan; and 88 percent of participants were nonwhite and 38 percent were non-native English speakers.

Managing Funding for Sector-Based Job Training

Our interviews identified several ways in which states and localities are managing their public funding to increase responsiveness to meet employer’s needs for skilled workers within an industry. One common way to engage employers with the public workforce development system is to develop advisory boards, which can be used to connect a group of employers in the same industry to job training providers, such as CBOs, CTCs, and local WDBs. Our interviews also yielded innovative ways in which states and localities are moving beyond advisory boards to respond to sector-based job training needs. These joint public-private initiatives include state legislation that provides funding for training to an in-demand industry and large-scale employer- and industry-led collaboratives that meld public and private funding.

In August 2012, Massachusetts passed sweeping health care legislation designed to contain and reduce health care costs. As part of the legislation, Chapter 224 established the Health Care Workforce Transformation Fund (HCWTF)—a one-time $20 million fund to be administered by the Commonwealth Corporation (figure 5). In an effort to control health care costs under Chapter 224, health care employers changed some occupational job descriptions and staffing structures creating demand for revised or new job training and education programs (Commonwealth and Drexel 2016). The Commonwealth Corporation awards grants from the HCWTF to support education and training at any level for incumbent workers as well as current un- and underemployed workers. Middle- and high-skill workers with professional degrees or four-year degrees are also permitted to receive additional training in new skills demanded as a result of the passage of Chapter 224.

Since the law was passed, over 100 grants have been awarded to organizations and educators in Massachusetts to improve the workforce skills of health care workers. Health care providers in every health care sector, including home health care, community health centers, behavioral health, long-term care, hospitals, and physician practices have received grants.[56] Grants fund partnerships with education and training providers that may train workers at the jobsite or pay for curriculum development and implementation at CTCs, clinical training videos, integrated health care training, and many other initiatives. The HCWTF continues to provide millions of dollars in training grants each year. It is unclear whether the HCWTF will be replenished once it is depleted.

The Houston Area WDB believes it is time to move beyond industry and employer advisory councils and encourages employers to initiate training programs. In the past, large employers in the Houston area have speculated about impending supply shortages of workers. For example, the oil and gas industry in Texas experiences cyclical downturns, which lead to layoffs. The market cycle in the oil and gas industry coupled with concerns about baby boomers retiring has led groups of employers to speculate about future labor supply shortages. The Houston Area WDB favors employer-led in-demand training. That is, having a large employer or group of employers develop a robust public-private partnership with training providers, such as CTCs, to tailor the training to meet the employers' needs, thus allowing the number of workers trained to ebb and flow based on the demand for those jobs. This strategy creates a tight feedback loop between industry and training providers and prevents unnecessary spending on training for occupations that may be decreasing in availability. Another strategy the Houston Area WDB relies on is up-to-date data analyses to better see and predict shifts in demand for workers by occupation and industry.

We liken speculative training to speculative homebuilding. Labor markets don't work that way.
—Mike Temple, director, Gulf Coast Workforce Board, Houston

A notable example of an employer-led collaborative working with training, education, and community stakeholders is UpSkill Houston created by the Greater Houston Partnership (GHP) in 2014.[57] The GHP was created in 1840 and now is an advocacy and policymaking organization for its 1,200 business members from an 11-county area surrounding Houston.[58] According to research conducted by GHP, 1.4 million jobs (40 percent) in Houston are middle skill and there are not enough trained employees to meet that need.[59] GHP's 79-member Regional Workforce Development Task Force, including representatives from the public sector, education, industry, and social services, created the UpSkill Houston plan to fill the skills gap. UpSkill Houston is focused on training workers in seven sectors—petrochemical manufacturing; industrial and commercial construction; health care; port, maritime, and logistics; utilities; advanced manufacturing; and oil and gas—upstream and midstream.[60] Since 2014, employer-led councils have collaborated with CTCs to develop and refine training programs, to recruit students, increase completion rates, and place graduates. Partnerships between employers, CBOs, CTCs, public-sector training providers, including the Houston Area WDB, and major funders, including GHP, JPMorgan Chase, and United Way of Greater Houston have spearheaded the initiative.

Created in early 2012 in Massachusetts, Manufacturing Advancement Center Workforce Innovation Collaborative (MACWIC) is a statewide "focal point for employer-led workforce training and development initiatives" developed "to preserve manufacturing knowledge and to execute the transfer of knowledge and critical skills to the current and future workforce."[61] The impetus for MACWIC was employers' inability to find trained workers with the skill and knowledge to work and advance in the manufacturing industry. One of the primary goals is to develop curriculum in partnership with public and private educational and training providers throughout the state.

An early outcome of MACWIC was the Manufacturing Skills Academy Network—a group of small employers that relied on larger companies with extra job-training seats to share training costs (MACWIC, n.d.). Eventually, in recognition of the value of the network, Commonwealth Corporation developed a similar program that funds consortium grants. MACWIC continued to evolve to align classroom instruction with employers' needs. Now MACWIC collaborates with training providers, local WDBs, vocational and technical high schools, community colleges and universities, economic developers, industry associations, and is integrated into the public workforce system, including partnerships with Massachusetts EOLWD, Commonwealth Corporation, workforce development boards, career centers, and the Massachusetts Department of Veterans' Services and the Division of Apprentice Standards.

The 225 members of MACWIC signed an agreement requiring them to participate in meetings and provide data on hiring, technology, and related issues upon request. In 2014, MACWIC received a publicly funded grant for nearly $750,000 from a state agency[62] to create an industry-recognized certification program and an applied manufacturing career pathway with multiple entry and exits points for entry-level and middle-skill workers.[63]

Active and successful employer-led collaboratives at the state, regional, or local level may be difficult to organize and sustain. But, facing skill gaps and skill shortages may motivate employers to create the partnerships necessary to recruit, train, and produce the workers they need. It is politically challenging to pass statewide legislation to pay for job training in a particular industry. Perhaps the lobbying arm of a large employer-led collaborative could achieve it. The one-time, substantial amount of funding it provides allows states and localities to plan long-term for filling gaps.

Collaboration, Coordination, and Filling Training Gaps

We have described several strategies that require coordination and collaboration and are designed fill *skill* gaps in a particular industry or set of occupations. We turn now to discuss collaboration and coordination strategies that public entities are using to manage public funding across an entire local workforce development system. These strategies to plan and organize workforce entities and public funding are designed to fill gaps and to reduce duplicative programs and services within the public workforce system.

The Austin WDB, in conjunction with CBOs, training providers, and employers recently developed the Austin Metro Area Master Community Workforce Plan (Master Plan) as a framework for collaboration and coordination. In June 2017, the WDB launched the Master Plan in an effort to develop collaborative strategies to meet the skill needs for the projected 60,000 new middle-skill job openings (WSCA 2017). The Master Plan is focused on helping 10,000 low-income Austin residents access these middle-skill jobs by 2021.

Workforce system partners in Austin indicated that the Master Plan "trumps" the WIOA state plan required by the US DOL because the WIOA plan is an operational subset of the master community workforce plan.
—Anonymous respondent, Travis County

The Austin WDB is the lead organization in developing the Master Plan, but it is a community-wide collaboration that enlists the help of the Austin Metro Area Talent and Opportunity Network—a public and private workforce system partnership. The primary strategies are as follows:

1. Build awareness and enrollment to cultivate interest in high-demand middle-skill careers.
2. Provide training to equip workers with the skills they need to succeed.

3. Connect employers with local talent to fill middle-skill jobs.
4. Assist frontline workers in acquiring skills to advance into middle-skill jobs (WSCA 2017).

The Master Plan focuses on three key industries expected to grow in the Austin area: health care, information technology, and skilled trades and advanced manufacturing.

[The county has] tried to work very closely with the local workforce board and has been investing with and through them for many, many years with a specific eye on what gaps are left after you've gone through the WIOA funding and how do we fill in gaps around that.
— Lawrence Lyman, division director, Research and Planning Division, Travis County Health and Human Services

By February 2018, the Master Plan had received the endorsements of the Travis County Commissioners Court, the Austin Community College District Board of Trustees, and the Greater Austin Chamber of Commerce Board of Directors. Over $650,000 in investments has been donated by philanthropic and public contributors, including, the City of Austin, Travis County, Google.org, JPMorgan Chase, and the Austin WDB (WSCA, n.d.). Two sector partnerships were also launched, one including several large advanced manufacturers and the other with several large health care employers.

With Washington's complex and decentralized workforce system, overcoming duplication and fragmentation of services is challenging. According to a recent audit, Washington's system may be justified in having overlapping training and services, and that the risk for the system is in the gaps in services (Washington State Auditor's Office 2015). Under the guidance of the Workforce Training and Education Coordinating Board (WTECB), Washington is developing new strategies to reduce gaps and duplication in services. For example, the WTECB is in the early stages of developing a common intake process for individuals who enter the public workforce development system. According to our interviews, the duplicative intake process (i.e., having to fill in numerous intake forms, many of them the same) is alienating for job seekers. To that end, the Common Intake Process/Data Sharing Committee, a new implementation committee under WIOA is tasked with developing the new process.[64] The Committee surveyed local WDBs, One-Stop Career Centers, CBOs, colleges, and others; conducted two focus groups with workforce system staff; and interviewed 10 career navigators (CAI 2018). The

Committee found that programs, services, and eligibility criteria often change at the local level and that local areas appreciate the flexibility to modify data collection fields to meet with needs. Though some local areas did not want a common intake form, the Committee found that data sharing about services received, eligible services, educational background, and case notes would be helpful to most surveyed respondents. And, although 50 common data elements were identified, the decentralization and local autonomy present distinct challenges. Next steps in the process include developing and testing two prototype common intake forms and reporting those results.

We have an effort that's been looking at creating a common intake process for folks. When we did a survey of customer experience in One-Stops, we found that this duplicative feeling is one of the most alienating things job seekers go through… having to fill in the same enrollment forms over and over and give the same information over and over and over.
—Eric Wolf, director of policy and programs, Workforce Training and Education Coordinating Board

SkillWorks Inc. in Boston is another example of an organization that plays a key role in coordinating and collaborating—through the Workforce Solutions Group (WSG)—as well as filling gaps within Boston's workforce development system (figure 9). SkillWorks is a valuable collaborator and intermediary with other public and private workforce system entities in Boston and statewide. Approximately one-third of SkillWorks's portfolio is spent on the Workforce Solutions Group (WSG), SkillWorks's public policy advocacy grantee that was also formed in 2003. WSG is a statewide advocacy organization that convenes the annual Massachusetts Jobs and Workforce Summit. WSG "advocates for an effective workforce development system" by convening a "broad coalition of workforce development organizations," including employers, CTCs, local WDBs, education and training providers, advocates, employers, and unions.[65] WSG's advocacy has added over $80 million in new workforce funding, and they were instrumental in the creation of the Workforce Competitiveness Trust Fund.[66]

The remaining two-thirds of SkillWorks's portfolio funds numerous job-training programs and related initiatives. Preventing duplication of services is difficult, and SkillWorks plays an important role in that for Boston by leading a program or initiative and strategically investing their more flexible funds with other programs. SkillWorks conducts an annual survey of their grantees to obtain information about the grantees' portfolios and related investments to avoid duplication. They also work closely with the Commonwealth Corporation and the Boston Office of Workforce Development to ensure that there is not overlap in funding programs leading to duplication of services. After the Commonwealth Corporation distributes grants through the Workforce Competitiveness Trust Fund[67] and the state budget is determined, SkillWorks aligns their workforce investments and can use the flexibility of their funding to fill gaps.

SkillWorks also strategically invests in projects to facilitate relationships that fill gaps and set them up for future initiatives (figure 9). For example, the Commonwealth Corporation funds the Boston WDB to run the Tech Apprentice program that provides six-week paid internships for Boston Public Schools (BPS) high school students. The Tech Apprentice program was having difficulty expanding into the BPS. To help that program expand within BPS, SkillWorks provided funding to Commonwealth Corporation to develop a statewide work readiness curriculum. By combining the work readiness curriculum with the Tech Apprentice program, BPS was receptive to have the program expand into more high schools. SkillWorks's investment helped fill a gap in funding for the work readiness program, expand a valuable youth program, and move SkillWorks into the youth program space, an area they had not previously funded.

Austin and many other cities and states are developing master plans. The challenge is not only in bringing regional and local community workforce development leaders to the planning table but in keeping them engaged in both implementing the strategies and continually developing new strategies. Though WIOA state plans include strategic and operational planning for the next four years, in some cases, the plans are static and do not involve continual interaction among the local or regional entities in the workforce development system.

There are many challenges to implementing a common intake form statewide, such as obtaining local buy-in, incompatible data collection, and variation in how the same services are measured or described. There are also many benefits to having a common intake form, such as improved client satisfaction, improved and efficient systems and client flow, and the potential for shared data from connected systems. Other states may be able to learn valuable lessons about the process of developing a common intake form as Washington continues along this path.

Coordination, collaboration, and filling gaps while preventing duplication in the public workforce system are difficult tasks. SkillWorks, with its flexible, blended, and largely private funding and with one-third of its assets funding public policy advocacy and facilitating coordination, is one of perhaps many viable solutions. It is likely that other local and regional funding collaboratives in other cities with a similar structure to SkillWorks could play a similar collaborative and gap-filling role.

Conclusions and Implications

State and local governments are continuing to substantially supplement the federal funding available for job training under WIOA—a trend that is likely to continue. State and local workforce development entities play an increasingly important role in strategically managing current and new sources of public and private funding for job training. The structure of the state-level workforce development system may assist or, in some cases, impede the ability of local workforce entities to adapt to the changing environment. Our study of federal and state and local workforce development funding and systems has the following findings and implications:

- **State and local public funding for job training is substantial.** Compared with federal funding under WIOA, state and local investments in workforce development training and related services are an important funding source, in some cases surpassing federal funding. In Massachusetts, Texas, and Washington, state funding for job training amounted to from 30 to 128 percent of WIOA Title I expenditures. This range presents states and localities with an opportunity to consider their current sources and amounts of public investments to determine whether there are ways they can augment these job training funds. Many local WDBs are actively seeking nonfederal sources of funding for training. As one local WDB respondent put it, "Where we derive our funds shouldn't dictate who we are." Other sources of funds include public sources, such as state, county, and city funds, and private sources, such as employers, foundations, and corporate philanthropy.

Where we derive our funds shouldn't dictate who we are.
—Anonymous respondent, local WDB

- **Innovative strategies can increase and leverage funding.** When it comes to managing public funding, states and localities we interviewed are increasing the overall amount of funding for job training, leveraging public and private sources of funding, and using dedicated fees to fund training. Local WDBs and other training providers are seeking additional public and private revenue and, in many cases, using those to leverage other public and private funding. Seeking alternative sources and finding opportunities for new funding is a continual effort, but developing ongoing relationships with funders is also possible. Sector-based job training initiatives that involve large, industry- or employer-led collaboratives may alleviate some of this burden and better match employer needs to the training provided. Using dedicated fees to fund training, though it initially may require state-level advocacy or lobbying, yields a continuous, dedicated funding stream with the potential to provide entry-level or middle-skill training to thousands of new, dislocated, and incumbent workers.

- **Augmenting nonfederal funding maximizes flexibility and fills gaps.** After successfully obtaining funding from nonfederal sources, the opportunities for braiding and blending those diverse sources increases the flexibility of who can be served and the types of services provided, and it allows localities to target and customize training and services. States and localities seeking to fill gaps and reduce duplicative services are strategizing and planning at the local and regional levels, both formally through planning initiatives and informally by keeping the lines of communication open between different entities.

Understanding how public funding for job training flows from the federal to the state to the local level and how it can be supplemented and leveraged can be helpful for state and local workforce leaders and public and private funders.

Appendix A. Interviews Conducted

Massachusetts

Ted Bauer
Director of Workforce Development Strategies
MassMEP
100 Grove Street, Suite 108
Worcester, Massachusetts 01605

Marybeth Campbell
Executive Director
SkillWorks Inc.
75 Arlington Street, 3rd Floor
Boston, Massachusetts 02116

Rebekah Lashman
Senior Vice President of Sector Strategies
Commonwealth Corporation
2 Oliver Street, 5th Floor
Boston, Massachusetts 02109

Angela McCabe
Workforce Development Director
Boston Private Industry Council
2 Oliver Street, Floor 3
Boston, Massachusetts 02109

Joseph McLaughlin
Director of Research and Evaluation
Boston Private Industry Council
2 Oliver Street, Floor 3
Boston, Massachusetts 02109

Leslie Parody
Program Manager
MassMEP
100 Grove Street, Suite 108
Worcester, Massachusetts 01605

Jeffrey Turgeon
Executive Director
Central Massachusetts Workforce Investment Board
340 Main Street, Suite 400
Worcester, Massachusetts 01608

Kristen O'Neil Rayne
Outreach Manager
Workforce Training Fund, Sector Strategies
Commonwealth Corporation
2 Oliver Street, 5th Floor
Boston, Massachusetts 02109

Neil Sullivan
Executive Director
Boston Private Industry Council
2 Oliver Street, Floor 3
Boston, Massachusetts 02109

Texas

Courtney Arbour
Director of Workforce Development Division
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778-0001

Tamara Atkinson
Chief Executive Officer
Workforce Solutions Capital Area
6505 Airport Blvd, Suite 101a
Austin, Texas 78752

Brittain Ayres
Planner
Research and Planning Division
Travis County Health and Human Services
502 East Highland Mall Blvd
Austin, Texas 78752

Peter Beard
Senior Vice President
Regional Workforce Development
Greater Houston Partnership
701 Avenida de las Americas, Suite 900
Houston, Texas 77010

John-Michael Cortez
Special Assistant
Austin Mayor's Office
301 W 2nd Street
Austin, Texas 78701

Doyle Fuchs
Director
Labor Market and Career Information
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778-0001

Parker Harvey
Regional Economist
The Gulf Coast Workforce Board - Workforce Solutions
3555 Timmons Lane, Suite 120
Houston, Texas 77027

Lawrence Lyman
Division Director
Research and Planning Division
Travis County Health and Human Services
502 East Highland Mall Blvd
Austin, Texas 78752

Reagan Miller
Deputy Director for Workforce Solutions
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778-0001

Michelle Ramirez
Program Manager
The Gulf Coast Workforce Board - Workforce Solutions
3555 Timmons Lane, Suite 120
Houston, Texas 77027

Larry Temple
Executive Director
Texas Workforce Commission
101 East 15th Street
Austin, Texas 78778-0001

Mike Temple
Director
The Gulf Coast Workforce Board - Workforce Solutions
3555 Timmons Lane, Suite 120
Houston, Texas 77027

Washington

Dot Fallihee
Interim Chief Executive Officer
The Workforce Development Council of Seattle-King County
2003 Western Avenue, Suite 250
Seattle, Washington 98121-2162

Matthew Houghton
Workforce Development Advisor
Workforce Policy and Partnerships
Office of Economic Development
700 Fifth Avenue, Suite 5752
Seattle, Washington 98104

Anna Nikolaeva
Manager
Career Connect Washington
Employment Security Department
212 Maple Park Avenue SE
Olympia, Washington 98501-2347

Min Song
Interim Chief Operating Officer
The Workforce Development Council of Seattle-King County
2003 Western Avenue, Suite 250
Seattle, Washington 98121-2162

Eric Wolf
Director of Policy and Programs
Workforce Training and Education Coordinating Board
128 10th Avenue SW
Olympia, Washington 98504-3105

Nancy Yamamoto
Director of Workforce Development
Workforce Policy and Partnerships
Office of Economic Development
700 Fifth Avenue, Suite 5752
Seattle, Washington 98104

Notes

1. WIASRD include individual participant records with information about a participant's characteristics, activities, and outcomes. The latest WIASRD are for the program year April 1, 2015 through March 31, 2016.

2. "Forgotten Middle-Skill Jobs: State by State Snapshots," National Skills Coalition, accessed on May 8, 2018, https://www.nationalskillscoalition.org/state-policy/fact-sheets.

3. We define middle-skill jobs similarly to Carnevale, Jayasundera, and Hanson (2012). Middle-skill occupations require some postsecondary education and training but not a bachelor's degree, and they have average earnings of $35,000 per year or more. Using this definition, Carnevale, Jayasundera, and Hanson (2012) estimate that one in five jobs and nearly half of all jobs that pay at least middle-class wages are middle-skill jobs.

4. By "innovative," we mean funding strategies or structures that are effective and novel. Of course, these are not the only states and localities are engaging in impressive efforts. Innovative strategies may involve a single funding source or training entity that a particular locality is using or it may include multiple funding streams—both public and private—from a variety of sources. Funding mechanisms, the diversity of funding sources, or the ways in which funding is combined or leveraged may be innovative. Funding entities, pass-through entities, and advisory entities may also be operating in innovative ways. Innovative examples highlight key issues and are not meant to provide a comprehensive picture of all funding and all strategies.

5. Richard Kogan, "Procedural Advantages for 'Recessions' Don't Apply to Mandatory Programs," *Off the Charts* (blog), Center on Budget and Policy Priorities, April 26, 2018, https://www.cbpp.org/blog/procedural-advantages-for-rescissions-dont-apply-to-mandatory-programs.

6. American Job Centers are formerly known as One-Stop Career Centers. In this report, we use these terms interchangeably because states use both. See Byron Zuidema, "Guidance on Services Provided through the Adult and Dislocated Worker Programs under the workforce Innovation and Opportunity Act (WIOA) and the Wagner-Peyser Act Employment Service (ES), as Amended by Title III of WIOA, and for Implementation of the WIOA Final Rules," guidance letter to state workforce agencies, administrators, and liaisons; state and local workforce board chairs and directors; labor commissioners; and American Job Centers, March 1, 2017, https://wdr.doleta.gov/directives/attach/TEGL/TEGL_19-16_acc.pdf.

7. Zuidema, "Guidance on Services."

8. Zuidema, "Guidance on Services."

9. WIOA state allotments are budgeted for each federal fiscal year (FY) and are distributed annually for the corresponding program year (PY). The most recent FY for which we have appropriated funds is FY 2017 (from October 1, 2016 through September 30, 2017), and these funds are spent on WIOA programs in PY 2017 (from July 1, 2017 through June 30, 2018) (Table 1 and Figure 1).

10. Byron Zuidema, "Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2017; Final PY 2017 Allotments for the Wagner-Peyser Act Employment Service (ES) Program Allotments; and the Allotments of Workforce Information Grants to States for PY 2017," guidance letter to state workforce agencies, all state workforce liaisons, June 9, 2017, https://wdr.doleta.gov/directives/attach/TEGL/TEGL_27-16.pdf.

11. The US DOL defines an exiter under WIA and WIOA Title I as an adult, dislocated worker, or youth who has not received services through any DOL program for at least 90 days, with the exception of self-service, information-only services, activities, or follow-up services, and for whom no future services are planned.

12. Participation is tracked annually by program year using the WIASRD system. The most recent data is for April 2015 and March 2016 (referred to as PY 2015). PY 2015 information from PY2015 state databooks

13. “What Is Trade Adjustment Assistance?” US Department of Labor, Employment and Training Administration, last updated June 22, 2012, https://www.doleta.gov/tradeact/factsheet.cfm.

14. “Welcome to the DINAP ‘Partnership’ Home Page!” US Department of Labor, Employment and Training Administration, last updated October 7, 2016, https://www.doleta.gov/dinap/.

15. https://www.doleta.gov/oa/aag.cfm.

16. https://www.nationalskillscoalition.org/news/blog/dol-announces-50-5-million-in-apprenticeship-state-expansion-grants.

17. The H-1B program permits US employers, who cannot obtain needed business skills and abilities from the US workforce, to hire foreign workers in specialty occupations that require highly specialized knowledge and at least a bachelor’s degree or its equivalent.

18. “TechHire,” US Department of Labor, Employment and Training Administration, last updated April 9, 2018, https://www.doleta.gov/techhire/.

19. “US Department of Labor, YouthBuild,” YouthBuild, accessed May 8, 2018, https://www.youthbuild.org/department-labor-youthbuild.

20. US Department of Labor, “US Labor Department Announces $54M in Grants to Improve Access to Skills Training and Quality, Affordable Child Care for Parents,” news release, June 14, 2016, https://www.dol.gov/newsroom/releases/eta/eta20160614.

21. Adult program state allotments use relative proportions: 1/3 is based on the number of unemployed in areas of substantial unemployment; 1/3 is based on the number of unemployed in excess of 4.5 percent; and 1/3 is based on the number of economically disadvantaged adults age 22-72. See “Administrative Uses of Local Area Unemployment Statistics,” US Department of Labor, Bureau of Labor Statistics, last updated August 4, 2017, https://www.bls.gov/lau/lauadminuses.pdf.

22. Dislocated worker program state allotments use the relative number of persons unemployed for 15 weeks or more, rather than the number of economically disadvantaged adults. See “Administrative Uses of Local Area Unemployment Statistics,” US Department of Labor, Bureau of Labor Statistics, last updated August 4, 2017, https://www.bls.gov/lau/lauadminuses.pdf.

23. Youth program state allotments are the same as the Adult Program formula; however, the proportion of economically disadvantaged is for youth age 16-21. See “Administrative Uses of Local Area Unemployment Statistics,” US Department of Labor, Bureau of Labor Statistics, last updated August 4, 2017, https://www.bls.gov/lau/lauadminuses.pdf.

24. “Effective July 1, 2015, WIOA restores a 15 Percent Title I-B Statewide Activities account. The Act directs that 5 percent of the annual funds allocated to the state under the Youth, Adult and Dislocated Worker Grants be pooled into one account for state-level administration. 10 percent of the state’s annual allocation for each of the three grants are pooled into one account to support required and allowable statewide activities described in Sec. 129(b) and Sec.134(a)” (WTECB 2014).

25. Zuidema, “Workforce Innovation and Opportunity Act (WIOA).”

26. “Texas Workforce Investment Council,” Office of the Texas Governor, accessed May 8, 2018, https://gov.texas.gov/organization/twic.

27. “Purpose and Functions of the Council,” Office of the Texas Governor, accessed May 8, 2018, https://gov.texas.gov/organization/twic/purpose.

28. Office of the Texas Governor, “Governor Abbott Establishes Tri-Agency Workforce Initiative,” press release, March 7, 2016, https://gov.texas.gov/news/post/governor_abbott_establishes_tri_agency_workforce_initiative.

29. Office of the Texas Governor, "Governor Abbott Establishes Tri-Agency Workforce Initiative," press release, March 7, 2016, https://gov.texas.gov/news/post/governor_abbott_establishes_tri_agency_workforce_initiative.

30. The US DOL awarded Houston Community College $4.2 million for registered and preregistered programs in health care and information technology. The TWC, JPMorgan Chase, and the Dallas County Community College District are among the many program's partners.

31. "About Us," Commonwealth Corporation, accessed May 8, 2018, http://commcorp.org/about-us/overview/.

32. "Who We Are," Workforce Training and Education Coordinating Board, last updated June 1, 2018, http://www.wtb.wa.gov/workforceboard.asp.

33. "Who We Are," Workforce Training and Education Coordinating Board.

34. See the website for the Washington State Department of Social and Health Services at https://www.dshs.wa.gov/.

35. "Worker Retraining Program," Workforce Training and Education Coordinating Board, last updated April 26, 2018, http://www.wtb.wa.gov/WorkerRetrainingProgram.asp.

36. "Customized Training Program," Workforce Training and Education Coordinating Board, last updated April 26, 2018, http://www.wtb.wa.gov/CustomizedTrainingProgram_dir.asp.

37. "Job Skills Program," Workforce Training and Education Coordinating Board, last updated April 26, 2018, http://www.wtb.wa.gov/JobSkills.asp.

38. Washington Governor's Office, "Inslee Awards $6 Million to Create Apprenticeship and Career Connections for 29,000 Youth in 11 Communities," *Medium* blog, December 8, 2017, https://medium.com/wagovernor/inslee-awards-6-4-129c4de96df3.

39. Washington State Employment Security Department, "Inslee Awards $6.4 Million to 11 Communities to Create Apprenticeship and Career Connections for 29,000 Youth," news release, December 8, 2017, https://esd.wa.gov/newsroom/Inslee-awards.

[40] Washington Governor's Office, "Inslee Awards $6 Million to Create Apprenticeship and Career Connections."

41. Wesley Nguyen, "Upskill-Backfill Initiative Status Update," Workforce Board meeting, January 10, 2018, http://www.wtb.wa.gov/Documents/Tab3COMBINED_003.pdf.

42. The allocation target is based on the amount of each state's proportion of the average of total expenditures over the previous three years. These targets are intended to help encourage realistic budget projections based on historical expenditures but they are not intended to limit state agencies from requesting additional federal funds to grow their E&T program.

43. We were unable to obtain the exact amounts of the reimbursements from either FNS or from the states.

44. In early 2016, the USDA selected the following 10 states to participate in the SNAP to Skills Project: Arizona, Arkansas, California, Maryland, Massachusetts, Michigan, Minnesota, Missouri, North Carolina, and Tennessee.

45. "SNAP to Skills," US Department of Agriculture, Food and Nutrition Service, last updated July 29, 2016, https://www.fns.usda.gov/es/node/638488.

46. "Basic Food Employment and Training (BFET)," Washington State Department of Social and Health Services, Economic Services Administration, accessed May 8, 2018, https://www.dshs.wa.gov/esa/community-partnership-program/basic-food-employment-training-bfet.

47. "State Highlights: Massachusetts," US Department of Agriculture, accessed May 8, 2018, https://snaptoskills.fns.usda.gov/state-highlights/state-highlights-massachusetts.

48. Massachusetts' website for the SNAP Path to Work program lists all current providers. See "Provider Locations, University of Massachusetts Medical School, accessed May 8, 2018, https://www.snappathtowork.org/provider-locations.

49. See also the website for C2 Global Professional Services at http://www.c2gps.net/.

50. The source for this information is the JPMorgan Chase grantee database and interviews conducted for this project.

51. The source for this information is the JPMorgan Chase grantee database and interviews conducted for this project.

52. The National Fund for Workforce Solutions (NFWS) has invested in more than 30 regional funder collaboratives, including SkillWorks Inc. in Boston, SkillUp in Seattle, and Pathways to Work in Dallas (NFWS 2017).

53. This rate is for 2018. See "Learn About Employer Contributions to DUA," Mass.gov, accessed May 8, 2018, https://www.mass.gov/service-details/learn-about-employer-contributions-to-dua.

54. Employees may participant in more than one training course.

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About the Authors

Kelly S. Mikelson is a senior research associate in the Income and Benefits Policy Center at the Urban Institute. With over two decades of experience conducting quantitative and qualitative research, her work focuses on low-income workers, workforce development issues, and evaluating education and occupational training programs. Mikelson earned her bachelor's and master's degrees in public policy from Harvard University and her doctorate from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin.

Ian Hecker is a research assistant in the Income and Benefits Policy Center at the Urban Institute. He primarily works on workforce development issues, the Welfare Rules Database, and microsimulation modeling. Previously, he interned at the Brookings Institution and supported suburban poverty research at the University of Michigan. Hecker graduated with a BA in public policy from the University of Michigan.

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