

# PERFORMANCE AUDIT REPORT

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## Pennsylvania Workforce Development System

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February 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DePASQUALE  
AUDITOR GENERAL

February 11, 2019

The Honorable Tom Wolf  
Governor  
Commonwealth of Pennsylvania  
225 Capitol Building  
Harrisburg, PA 17120

The Honorable Jeffrey Brown  
Chairman  
PA Workforce Development Board  
651 Boas Street, Room 514  
Harrisburg, PA 17121

Dear Governor Wolf and Chairman Brown:

This report contains the results of the Department of the Auditor General's performance audit of the Pennsylvania Workforce Development System. The audit covered the period July 1, 2014 through November 30, 2018, unless otherwise indicated, with updates through the report date.

This audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403, and in accordance with applicable *Government Auditing Standards*, as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit had two objectives: (1) Evaluate the Pennsylvania Workforce Development Board's (state board) oversight of the interagency coordination within the unified workforce development system in accordance with the federal Workforce Investment Act of 1998 (WIA), as amended; the federal Workforce Innovation and Opportunity Act (WIOA); and respective state plans; and (2) Determine if the workforce development system has appropriate directives, policies, and procedures to effectively identify current and future needs of employers within Pennsylvania, coordinate educational institutions and employment service programs to meet the needs of employers to enhance Pennsylvania's economic competitiveness, and provide services to assist older and/or displaced workers to update their skill sets to re-enter the workforce.

This report presents two findings and 26 recommendations to improve Pennsylvania's workforce development system. Overall, the state board must be the driver of policy, including interagency and local coordination, to ensure alignment of workforce development resources. Appropriate workforce data analysis, including employers' current and future needs, and evaluation of program effectiveness using relevant measures is vital to keep the system accountable. An effective program will ensure success in meeting the needs of business, as well as the needs of workers. Such programs also further encourage strong economic growth and development for Pennsylvania.

We found that the state board has suffered from an unclear vision, mission, and purpose. During our audit, we found that the Governor, including representatives from his office, failed to fully articulate his vision and goals for Pennsylvania's workforce system. While the Governor signed an Executive Order on August 2, 2018, outlining his strategic vision for workforce development and the purpose of the state board, this was over two years after the implementation of the current 2016-2020 WIOA State Combined Plan (state plan). Additionally, the state board lacked adequate oversight and tracking of interagency coordination in meeting the goals outlined in the state plan during our review period. As of our audit report date, goal tracking spreadsheets are currently in the process of being developed.

We also found a need for a stronger commitment by state board members to address challenges within the workforce development system. For every one of the sixteen state board meetings held from March 5, 2014 through August 15, 2018, there was one or more state agency representatives who did not provide insight, information, or discussion at a particular meeting. General attendance by the board members or their delegates averaged only 61 percent over these same 16 meetings. Additionally, based on a survey we sent to the executive directors of the 22 local workforce development boards, of which 19 responded, we found that the state board has a lack of coordination with the local boards. These local boards are a vital part of the workforce changes taking place throughout the commonwealth. The knowledge, experience, and strategic thinking they provide for the entire workforce system should be harnessed at the state level to help make the workforce system better. Local level engagement is critical to successful change and innovation throughout Pennsylvania.

Further, we found that Pennsylvania's workforce development system is misaligned and not meeting the needs of employers. Employers are finding it difficult to fill their workforce needs with applicants who have the requisite education, training, and skills. State board members are not satisfied with the level of program information that is used to assess the needs of employers, especially with projecting employers' future needs. Assessing and forecasting the needs of employers must be improved to achieve long term state workforce development system success.

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The Honorable Jeffrey Brown  
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The state board should develop a plan for improving how the educational system prepares students for future employment, including training current job-seekers with necessary soft-skills needed for employment and doing a better job of “rebranding” jobs in skilled trades versus careers requiring a college degree. The state board also needs to keep the workforce development system accountable to the goals of the state plan, ensuring appropriate performance measures exist.

We found a lack of programs to assist older workers (55 years and older) in updating their skill sets to re-enter the workforce and to support their self- or family-sufficiency; however, we note that older workers are given priority under the WIOA as a group with barriers to employment. The adequacy of services for older workers should be closely measured, evaluated, and monitored, with the state board proactively considering additional services and/or programs beyond the WIOA specifically designed for older workers to update their skill sets and re-enter the workforce. Additionally, other critical areas impacting workforce development should be actively addressed by the state board, including helping displaced or unemployed individuals with drug issues and assisting individuals to gain access to available public transportation.

Although it has been more than two and a half years since the inception of the current state plan, we found recent movement in addressing some of the workforce development issues noted in our audit report, including the implementation and expansion of new initiatives and programs such as PAsmart. The 2018-2019 enacted budget included \$30 million for the PAsmart initiative. This vital new initiative is intended to be a new approach to education and workforce development to help Pennsylvanians develop skills and abilities they need to obtain a quality job, help businesses recruit skilled workers, and foster economic growth.

In closing, we thank the state board and the Governor’s Office for their cooperation and assistance throughout the audit. We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented.

Sincerely,



Eugene A. DePasquale  
Auditor General

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#### Executive Summary

The Pennsylvania Workforce Development Board (state board) is the Governor's employer-driven workforce development consultant for programs and policies, which serves to advise the implementation of the Governor's workforce strategy. The state board developed the Pennsylvania Combined State Plan (state plan) which outlines the vision and goals of Pennsylvania's workforce development system as a whole, specifying how each of the programs authorized under the federal Workforce Innovation and Opportunity Act (effective July 1, 2015) (WIOA) will operate and deliver services over the four-year period July 1, 2016 through June 30, 2020. Members of the state board are appointed and serve at the will of the Governor. Members represent a variety of workforce development stakeholders, including the Governor, General Assembly, lead state officials with primary responsibility for each of the core programs in the WIOA, local elected officials, labor organizations, and businesses.

Our performance audit had two objectives including to: (1) Evaluate the state board oversight of the interagency coordination within the unified workforce development system in accordance with the federal Workforce Investment Act of 1998, as amended (WIA); the WIOA; and respective state plans; and (2) Determine if the workforce development system has appropriate directives, policies, and procedures to effectively identify current and future needs of employers within Pennsylvania, coordinate educational institutions and employment service programs to meet the needs of employers to enhance Pennsylvania's economic competitiveness, and provide services to assist older and/or displaced workers to update their skill sets to re-enter the workforce.

Our audit results are contained in two findings with 26 recommendations directed to the state board. Overall, the state board generally agrees with the first finding and disagrees with the second finding; however, the state board agrees with most recommendations.

**Finding 1- Stronger commitment and more effective oversight of interagency coordination are needed by Pennsylvania's state workforce development board to ensure the Governor's vision and goals addressing the challenges of Pennsylvania's workforce development system are met.**

Pennsylvania's state board has suffered from an unclear vision, mission, and purpose. During our audit, we found that the Governor, including representatives from his office, failed to fully articulate his vision and goals for Pennsylvania's workforce system. While he signed an Executive Order on August 2, 2018, outlining his strategic vision for workforce development and the purpose of the state board, this was over two years after the implementation of the current state plan. Our survey, conducted of state board members in February 2018, in which only 22 of the 44 members (50 percent) responded, found that less than 46 percent of the responding members had the opinion that the state board received proper direction from the Governor's Office regarding the Commonwealth's vision for workforce development. Even more troubling,

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less than 32 percent of the responding members had the opinion the state board has provided sufficient guidance to the local workforce development boards to ensure the Governor's vision for workforce development is implemented.

We also found that the state board provided inadequate oversight and tracking of interagency coordination in meeting the goals outlined in the state plan. A spreadsheet used to track and document state board oversight of interagency progress towards completion of the state plan goals was provided in July 2018. This spreadsheet listed the details of each of the goals included in the state plan along with responsible agencies; however, we found much of the spreadsheet to be outdated, including a lack of plans and timelines for completion. Management acknowledged that the tracking spreadsheet had not been updated since July 2017 because a new work plan to implement the state plan was in process of being developed to provide better monitoring of workforce programs' progress towards the goals across state agencies. However, as of November 29, 2018, this work plan was still in draft form. Additionally, we found an interagency workgroup exists which could assist with facilitating alignment of activities, but we found no documentation or tracking of any progress this group has made by way of interagency coordination in meeting the goals of the state plan.

Stronger commitment is needed by state board members to address challenges within the workforce development system. Specifically, we found that there were some state agency heads and/or their representatives who serve on the workforce board who are not actively engaging or participating while attending these important meetings. We also found that board members (including delegates) may lack commitment, as indicated by an average attendance of only 61 percent over 16 board meetings held from March 5, 2014 through August 15, 2018.

Finally, we found as a result of our survey to executive directors of local workforce development boards, along with an interview with a local workforce official, that the state board has a lack of coordination with the local workforce development boards within the workforce development system. Many of the executive directors indicated that they feel left out and discouraged by the current structure and composition of the state board.

Pennsylvania's state board needs to provide leadership and coordination to the entire workforce system. In doing so, the state board must fully understand and communicate the Governor's strategic vision and goals. The state board needs to be the driver of policy and interagency and local coordination to ensure alignment of workforce development resources in meeting the strategic vision and goals outlined in the state plan. Recent progress is being made, and the state board must ensure this continues to enhance Pennsylvania's workforce development system and economic competitiveness.

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**Finding 2 - Pennsylvania's workforce development system is not meeting the needs of employers and is showing mediocre performance compared with other states. While new initiatives are being implemented, more improvement is necessary to prepare students and current job-seekers with necessary training and skills to fill job needs and enhance Pennsylvania's economic competitiveness.**

Pennsylvania continues to face challenges with respect to its workforce development system, with many employers reporting that they cannot find qualified employees for currently available open positions, all while unemployment is historically low. The current environment is competitive for workers, and Pennsylvania's workforce development system needs to do everything it can to develop a workforce that meets the needs of its prospective employers. Despite this, Pennsylvania's job growth during the period July 2014 through June 2018 was a mere 1.34 percent, while the nation averaged 6.43 percent job growth. Further, Pennsylvania's unemployment rate has been higher than the national average every month from July 2015 to June 2018.

We found that Pennsylvania's workforce development system is misaligned and not meeting the needs of employers. Many state board members were not satisfied with the level of program information that is used to assess the needs of employers, especially with projecting employers' future needs, which is illustrated in their responses to our survey questions. The state board members' dissatisfaction with the level of employment projection information provided is warranted based on our interview with the Pennsylvania Chamber of Business and Industry (Chamber) in March 2018 and review of its business survey conducted in April 2016. In its April 2016 survey, businesses indicated that it is difficult to fill their workforce needs with applicants who have the requisite education, training, and skills.

The state board needs to do a better job of "rebranding" jobs in skilled trades versus careers requiring a college degree. Additionally, the state board needs to develop a plan for improving how the educational system prepares students for future employment, along with training current job-seekers with necessary soft-skills that enable people to work successfully as part of an organization. This plan should have the goal of improving how the educational system prepares students for future employment throughout the various grade levels, along with training current job-seekers with these skills needed for employment.

The state board needs to keep the system accountable to the goals of the state plan, ensuring evaluation of appropriate program measures. Focusing on developing and growing Pennsylvania's workforce and economy requires action beyond the capabilities of the WIOA in meeting the needs of businesses, as well as meeting the needs of workers. While the state board has adopted certain performance measures for reviewing effectiveness of serving employers beyond those required by the WIOA, more must be done. The state board should continue to develop additional ways to measure and evaluate the system to ensure success.

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We further identified a lack of programs specifically designed to assist older workers (55 years and older) to update their skill sets to re-enter the workforce. Older workers comprise over 25 percent of Pennsylvania's workforce and 20 percent of the total employed workers. Older workers are generally viewed as reliable, loyal workers with well-established critical thinking, leadership, teamwork, and communication. With the proper education and/or training to match employers' job needs, these persons can be a valuable part of Pennsylvania's workforce. We found the only existing program specifically designed to assist older workers is the federal Senior Community Service Employment Program (SCSEP), which is administered by the Pennsylvania Department of Aging. The SCSEP promotes part-time community service opportunities for unemployed low-income persons age 55 or older who have poor employment prospects, but these part-time, lower wage jobs are difficult to support self- or family-sufficiency.

Under the new WIOA, older workers are considered a group with barriers to employment, which means they are to be prioritized to the maximum extent possible to provide support services. However, with reporting of program performance under the WIOA only begun in October 2018, it is too early to evaluate whether giving older workers priority as individuals with barriers to employment is enough. The adequacy of services for older workers should be closely measured, evaluated, and monitored, with the state board proactively considering additional services and/or programs specifically designed for older workers to update their skill sets and re-enter the workforce.

Other critical areas impacting workforce development should be considered and addressed, including drug issues and available public transportation because they cause additional barriers to employment. On July 24, 2018, the United States Department of Labor announced that the Pennsylvania Department of Labor and Industry would receive nearly \$5 million via the Opioid National Health Emergency Dislocated Work Demonstration Grant to provide employment, training, and career services to individuals impacted by the opioid epidemic with a plan to return to work. Due to its recent occurrence, we did not evaluate workforce activities related to this grant. The state board should actively address the effects of the opioid epidemic on the state workforce development system, including evaluation of the effectiveness of services provided under this new grant. Additionally, while not directly related to the workforce development system, transportation capacity, in particular public transit access, can also be a barrier to employment. The state board should address public transportation challenges impacting the state workforce development system, including interagency coordination, to help alleviate this barrier to workforce development.

Finally, on a positive note, there has been recent movement addressing workforce development issues with the implementation of new initiatives; however, it is too early to evaluate effectiveness. Specifically, in the fall of 2017, the Governor established a task force to gain the perspective of students, workers, and business communities throughout Pennsylvania related to workforce development. The task force concluded that "Pennsylvania's public education and workforce development systems must work together to provide relevant and affordable services

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and supports to all students and workers of all ages, prioritize outcomes, and align to 21<sup>st</sup> century business needs.” This led to the Governor proposing the new PAsmart initiative in his 2018-2019 Executive Budget. This enacted budget included \$30 million for this PAsmart initiative, including \$20 million for a new Computer Science and STEM Education Program, \$7 million for a new Registered Apprenticeship and Pre-Apprenticeship Program, and \$3 million to expand the already existing Next Generation Industry Partnerships Program. The PAsmart initiative is intended to be a new approach to education and workforce development to help Pennsylvanians develop skills and abilities they need to obtain a quality job, help businesses recruit skilled workers, and foster economic growth.

Due to the recent timing of the new PAsmart initiative and implementation of the respective programs, it is too early for us to evaluate these programs as part of this audit. Based on our review of the state board minutes for its August 15, 2018, meeting and briefing book for its October 23, 2018, meeting, we noted that the state board is developing performance metrics to evaluate these new programs. This is a positive and critical step. The effectiveness of these new programs need to be closely monitored and evaluated to ensure goals of the programs are being met and are aligned with meeting the goals set forth in the state plan and the Governor’s strategic vision, ultimately meeting needs of employers to fill jobs with qualified, skilled workers now and into the future.

Overall, the state board needs to be the driver of policy, including interagency and local coordination, to ensure alignment of workforce development resources. Appropriate workforce data analysis, including employers’ current and future needs, and evaluation of program effectiveness using relevant metrics is vital to keep the system accountable and to ensure success in meeting the needs of business, as well as the needs of workers. This in turn will encourage strong economic growth and development for Pennsylvania.

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#### Introduction and Background

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#### Introduction

In conjunction with launching this performance audit, the Auditor General held five workforce development and job training forums throughout the state. The purpose of the job training forums was to discuss directly with business leaders, workforce development needs in each of the state's areas and how to help current and future workers obtain the skills to better prepare them for the job-market.<sup>1</sup> The Auditor General decided to conduct this performance audit to determine if Pennsylvania's workforce development system, which reaches across multiple state agencies, is properly preparing workers for an ever-changing job market and ensuring that Pennsylvania is investing in effective, efficient, and needs-based workforce development activities. With a competitive environment for workers throughout the nation, and globally, Pennsylvania must do all it can to develop a workforce that meets the needs of its employers and to enhance its economic competitiveness.

Our performance audit had the following two objectives:

- Evaluate the Pennsylvania Workforce Development Board's (formerly the Pennsylvania Workforce Investment Board) oversight of the interagency coordination within the unified Workforce Development System in accordance with the federal Workforce Investment Act of 1998, as amended, the federal Workforce Innovation and Opportunity Act (effective July 1, 2015), and respective state plans.
- Determine if the Workforce Development System has appropriate directives, policies, and procedures to effectively:
  - Identify current and future needs of employers within Pennsylvania.
  - Coordinate educational institutions and employment service programs to meet the needs of employers to enhance Pennsylvania's economic competitiveness.
  - Provide services to assist older and/or displaced workers to update their skill sets to re-enter the workforce.

This report presents the results of our performance audit of the Pennsylvania Workforce Development System.

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<sup>1</sup> The Auditor General forums were held during the period January 2017 through October 2017 in Erie, Beaver, Lancaster, Lehigh, and Luzerne Counties.

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#### Background on Workforce Development

On July 22, 2014, President Obama signed the Workforce Innovation and Opportunity Act (WIOA).<sup>2</sup> The WIOA served as the first update to the nation’s core workforce training programs in the prior 15 years since the passage of the Workforce Investment Act (WIA) in 1998. The WIOA replaced the WIA and also amended the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. The WIOA is designed to improve access of job seekers to employment, education, training, and support services in order to succeed in the labor market and to match employers with the skilled workers they need to compete in a global economy. The WIOA reaffirms the role of the public workforce system and brings together and enhances several key employment, education, and training programs. This new law is designed to ensure that the public workforce system operates in a comprehensive, integrated, and streamlined manner in order to provide pathways to success for those it serves and continuously improves the quality and performance of its workforce development services in an ever-changing job market.<sup>3</sup>

The WIOA retains the basic components of the WIA law while strengthening existing workforce development and adult education programs to benefit adults and youths with barriers to economic success by:<sup>4</sup>

- Increasing the focus on serving the most vulnerable workers—low-income adults and youth who have limited skills, lack work experience, and face other barriers to economic success.
- Expanding education and training options to help participants access good jobs and advance in their careers.
- Helping disadvantaged and unemployed adults and youth earn wages while they learn through support services and effective employment-based activities.
- Aligning planning and accountability policies across core programs to support more unified approaches to serving low-income, low-skilled individuals.

These policy developments created an opportunity for leaders and advocates in states and local communities to rethink, reshape, and expand workforce systems, policies, and practices that are grounded in research and experience to improve the education and employability of low-income people.<sup>5</sup>

The WIOA requires the governor of each state to submit a four-year Unified or Combined State Plan outlining the state’s workforce development strategy. The WIOA provides a framework for

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<sup>2</sup> 29 U.S.C. § 3101 *et seq.* (Ch. 32 – Workforce Innovation and Opportunity), Public Law 113-128.

<sup>3</sup> <<https://www.doleta.gov/WIOA/Overview.cfm>> (accessed December 19, 2018).

<sup>4</sup> <<https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/KeyProvisionsofWIOA-Final.pdf>> (accessed December 19, 2018).

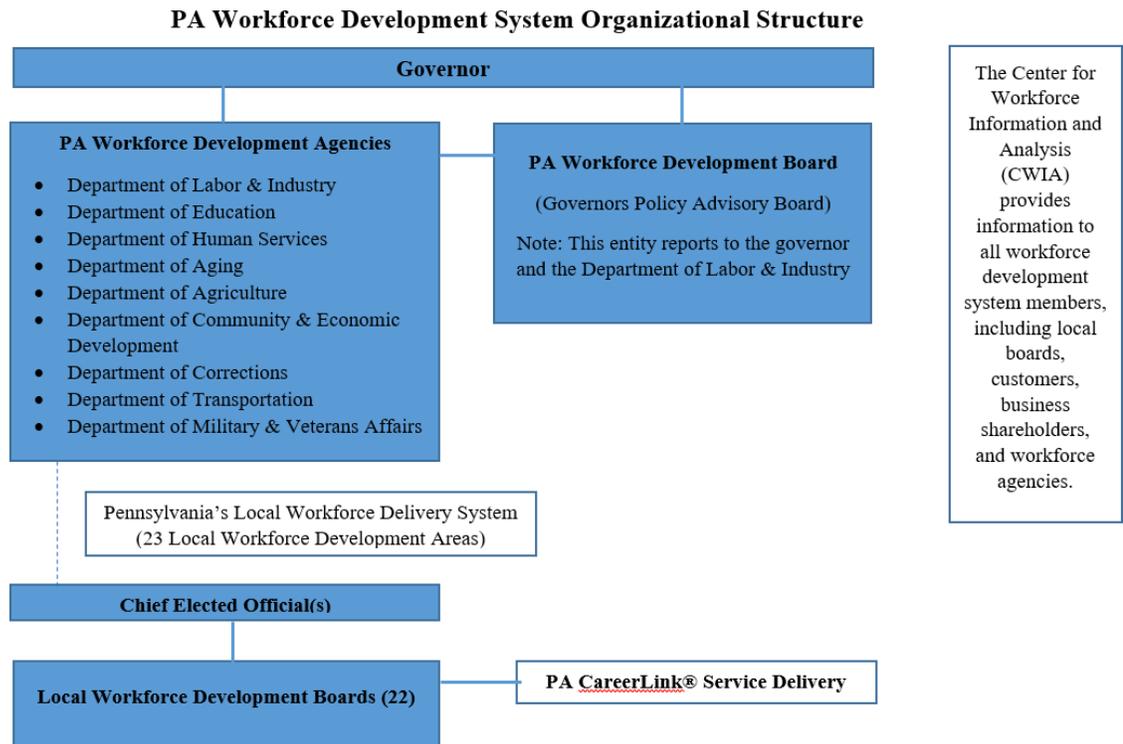
<sup>5</sup> *Ibid.*

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governors and states to make changes to their workforce systems. This important federal law also sets the parameters for the workforce system, which is an integral part of each state's ability to serve job-seekers and employers.

While our audit period begins on July 1, 2014, which includes a time period under the prior WIA, our audit primarily focuses on Pennsylvania's current workforce development system under the WIOA, with only limited review of Pennsylvania's performance under the WIA.



Note: The 22 local workforce development boards are responsible for the 23 local workforce development areas. The Three Rivers Workforce Development Board oversees two (2) local areas: Pittsburgh City and Allegheny County.

Source: Adapted from the Pennsylvania 2016-2020 WIOA Combined State Plan as substantially approved by the United States Department of Labor (U.S. DOL) and the United States Department of Education (U.S. DOE) on June 16, 2016, p. 321.

### Pennsylvania's Combined State Plan

The Pennsylvania State Workforce Development Board (state board) is the Governor's employer-driven workforce development consultant for programs and policies under the WIOA, which serves to advise the implementation of the governor's workforce strategy.<sup>6</sup> As required by the WIOA, the state board developed the Pennsylvania Combined State Plan (state plan) which outlines the vision and goals of Pennsylvania's workforce development system as a whole, as

<sup>6</sup> Pennsylvania 2016-2020 WIOA Combined State Plan as substantially approved by the United States Department of Labor (USDOL) and the United States Department of Education (USDOE) on June 16, 2016, p. 33.

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well as specifying how each of the programs authorized under the WIOA will operate and deliver services over the four-year period, 2016-2020.

The Governor's strategic vision for workforce development in the Commonwealth is incorporated into the state plan, which sets broad goals for a comprehensive workforce development system to:

[I]ncrease the number of “jobs that pay”; expand the number of “schools that teach” the skills necessary to succeed in college and careers; and is a model of “government that works”.<sup>7</sup>

The plan outlines how Pennsylvania will meet its vision and goals by designing and implementing a workforce development system that addresses three core challenges facing the workforce system:<sup>8</sup>

- The workforce system in general, and education and training providers in particular, are not well aligned with the needs of employers who provide jobs that pay.
- Too many workforce programs operate in their own individual silos rather than being integrated into an overall system that allows leveraging multiple funds to better serve employers, job-seekers, and incumbent workers.
- The workforce system lacks a support structure of training programs and employer peer-learning opportunities, including apprenticeship programs and industry partnerships, which enables and encourages more employers to invest in their workers and implement best organizational practices that create more jobs that pay.

### Goals

The state plan is effective from July 1, 2016 through June 30, 2020 (with a two-year modification requirement). The plan outlines five broad goals for the Commonwealth's workforce development system:<sup>9</sup>

1. Establish career pathways as the primary model for skill, credential and degree attainment, and provide all Pennsylvanians, with an emphasis on Pennsylvanians with barriers to employment, an opportunity to obtain a job that pays.
2. Expand public-private investment in the state's pipeline of workers and in incumbent workers for targeted industry sectors from entry-level skills to middle skills through

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<sup>7</sup> Ibid., p. 7.

<sup>8</sup> Ibid. pp. 7-8.

<sup>9</sup> Ibid.

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Industry Partnerships, the Workforce and Economic Development Network of Pennsylvania (WEDnetPA), and other innovative strategies.

3. Increase opportunities for all youth to participate in work-based learning through summer employment, pre-apprenticeship, apprenticeship, internships, and other similar experiences.
4. Engage employers through multi-employer workforce partnerships to improve the connection and responsiveness of workforce programs to the demand side of the labor market, increase public-private investment in critical skills, and support the spread of employer practices that create jobs that pay.
5. Strengthen data sharing across state agencies and workforce development partners to better understand education and employment outcomes and rely more effectively on data to improve and target our efforts.

As stated in the plan, a key factor in accomplishing these five broad goals will be to boost interagency cooperation on workforce issues to achieve a team effort while implementing the WIOA plan and to amend the plan if and when necessary. The development of the state plan is the starting point, with the state board being a key driver of this interagency coordination and collaboration to align resources and track progress of the state plan implementation and meeting its goals.

#### **Pennsylvania's State Workforce Development Board**

The state board is governed by bylaws in which members of the board are appointed and serve at the will of the Governor.<sup>10</sup> The bylaws require that the board must consist of, at minimum:<sup>11</sup>

- The Governor.
- Two members of each chamber of the state legislature or their designee(s).
- The lead state officials with primary responsibility for each of the core programs in the Workforce Innovation and Opportunity Act or their designee(s).
- Two county elected officials (city and county).
- No less than 20 percent from the workforce (labor organizations and registered apprenticeship programs within the state).
- No less than 51 percent from business (executives with optimum policy-making or hiring authority), including one member that represents small business as defined by the U.S.

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<sup>10</sup> The bylaws must be compliant with a hierarchy of statutes including Chapter One of the WIOA, Public Law 113-128, enacted on July 22, 2014; its corresponding regulations, Chapter Three of the Pennsylvania Workforce Development Act, 24 P.S. § 6250.301 *et seq.* (Act 114 of 2001, as amended by Acts 224 of 2002 and Act 41 of 2010); and Executive Order 2018-04 – Pennsylvania Workforce Investment Board. *See also* 29 U.S.C. § 3111 for required structure of the state board under the WIOA.

<sup>11</sup> Bylaws of the Pennsylvania Workforce Development Board (amended August 8, 2016).

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Small Business Administration. Such representatives must come from entities that represent businesses which provide employment and training opportunities that include high-quality, work-relevant training, and development opportunities in in-demand industry sectors or occupations.

The bylaws also state that the state board may include other members as designated by the Governor. State board members serve terms of three years, except for the Governor, or until a successor is appointed. Those members are lead state officials with primary responsibility for each of the core programs in the WIOA.<sup>12</sup>

The Governor is given the authority to select a chairperson from the business representatives on the state board and also to select an executive director who is responsible for overseeing the activities of the state board. All official actions of the state board, with the exception of bylaw amendments, must be supported by a majority of members.<sup>13</sup>

#### **Committees and Interagency Work Groups**

The state board has the responsibility of establishing standing committees and interagency work groups that meet on a regular basis to consider ideas, discuss agency initiatives and goals, and how partner agencies can help in achieving them, as well as to share best practices. These committees or interagency work groups are comprised of executive and program level staff from the Pennsylvania Department of Aging (Aging), Department of Education (PDE), Department of Human Services (DHS), Department of Labor and Industry (L&I), Department of Agriculture (Ag), Department of Community and Economic Development (DCED), Department of Military and Veterans Affairs (DMVA), and Department of Corrections (DOC), as well as the Governor's Office.<sup>14</sup>

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<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Pennsylvania 2016-2020 WIOA Combined State Plan as substantially approved by the USDOL and the USDOE on June 16, 2016, p. 39.

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On May 23, 2018, the state board was restructured to include four standing committees that are strategically aligned to support the goals of the state plan. The Board also has two ad hoc committees focused on more specific workforce development issues. These four standing committees and two ad hoc committees include:

1. Continuous Improvement
2. Sector Partnerships and Employer Engagement
3. Career Pathways and Apprenticeship
4. Youth
5. Health Care Workforce (Ad Hoc)
6. Re-Entry (Ad Hoc)

Prior to the May 23, 2018, restructuring, the Board was composed of the following committees and workgroup:

1. Performance and Accountability
2. Sector Strategies
3. Youth
4. Digital Strategies (Ad Hoc)
5. Employer Engagement (Ad Hoc)
6. Social Service Integration Work Group

Ad hoc committees may be formed at any time to address short-term, focused goals and deliverables. As outlined in the state board's bylaws, standing committees may only be formed on the occasion that a matter requires long-term system's change or is established under law. The bylaws also state that chairs for standing and ad hoc committees are determined on an as-needed basis by the chairperson, executive director, and L&I executive leadership.<sup>15</sup>

In addition to the committees and workgroup noted above, an interagency work group has also been established which meets to consider ideas, discuss agency initiatives and goals, how partner agencies can help in achieving them, and share best practices. This interagency workgroup is coordinated by the Deputy Secretary of Workforce Development within the L&I.<sup>16</sup>

### **Purpose and Responsibilities of the State Board**

The purpose of the state board shall be to assist the Governor in:<sup>17</sup>

- Reviewing and coordinating state workforce development policies, initiatives, strategies, and programs.

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<sup>15</sup> Bylaws of the Pennsylvania Workforce Development Board.

<sup>16</sup> 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by USDOL and USDOE June 11, 2018, p. 284.

<sup>17</sup> Executive Order 2018-04, amended, signed on August 2, 2018.

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- Recommending actions to create an aligned, streamlined, and improved workforce development system, including the one-stop service delivery system.
- Ensuring and facilitating coordination among the following Commonwealth agencies in the development and evaluation of policies, initiatives, strategies, and programs to address current and emerging workforce needs.
- Developing, implementing, and modifying the state’s workforce development plan.
- Reviewing and approving regional and local workforce development plans consistent with the state workforce development plan.
- Designating local workforce development areas and developing workforce development funding allocation formulas.
- Developing and updating state performance accountability measures and tracking progress toward implementation of the state’s workforce development plan.
- Collaborating and coordinating with other state boards and commissions that shape the economic development and education systems of the Commonwealth to develop statewide policies that improve workforce development alignment and outcomes across those systems.
- Ensuring that the policies, performance measures, goals, and resource strategies implemented by the Board are developed with appropriate and meaningful engagement of individuals and entities impacted and served by Pennsylvania’s workforce development system.
- Developing accessible workforce and labor market information.
- Coordinating the provision of services among state agencies consistent with the laws and regulations governing workforce development programs and the state’s workforce development plan.

The Secretaries of L&I, DCED, DHS, PDE, Ag, DOC, and Aging all serve on the Board.<sup>18</sup> Other agency secretaries are invited to participate in Board meetings when populations they serve are expected to be discussed, such as the Secretary of DMVA for discussions involving veterans.<sup>19</sup>

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<sup>18</sup> Executive Order 2018-04, amended, signed on August 2, 2018, added the Secretaries of DOC and Aging as state board members.

<sup>19</sup> 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by USDOL and U.S. DOE June 11, 2018, p. 285.

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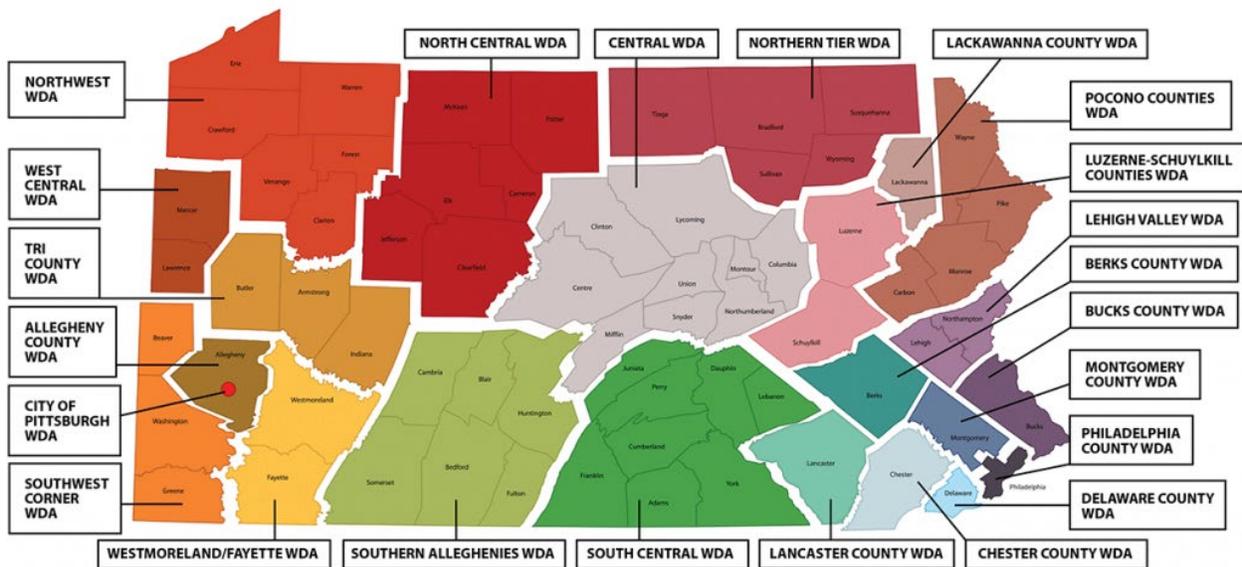
### Pennsylvania Workforce Development System

#### State Agencies Workforce Oversight and Programs

Although the state board guides workforce development policy as outlined above, the state board is not responsible for administrative or programmatic implementation. The Governor’s Office oversees the state workforce development system across multiple state agencies and programs which are outlined in Appendix B of this report.

#### Local Workforce Agencies

Pennsylvania’s workforce system is divided into 23 local workforce development areas which are served by 22 local workforce development boards, each administered by an executive director. Allegheny County and the City of Pittsburgh are separate workforce development areas served by one local workforce development board known as Partner4Work. Local workforce boards develop workforce policies and regional strategies. They provide oversight and coordination for the workforce services provided in their region and the overall operation of the storefront delivery of these services, the state’s 60+ PA CareerLink® centers.<sup>20</sup>



Source: PA Workforce Development Association, <https://www.pawork.org/about-us/pennsylvanias-local-workforce-system>.

Locally elected officials continue to have a key role in contributing to the strategic planning and structure of workforce services. Under the WIOA, local elected officials have the authority to request local area designation, appoint the members of the newly-constituted local boards, and

<sup>20</sup> Pennsylvania’s Local Workforce System. Pennsylvania Workforce Development Association website <<https://www.pawork.org/about-us/pennsylvanias-local-workforce-system>> (accessed April 24, 2018).

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serve as or designate the local grant recipient.<sup>21</sup> Chief elected officials appoint members to sit on these local boards.<sup>22</sup>

The main role of local workforce boards is to direct federal, state, and local funding to workforce development programs. The boards can also conduct and publish research on the needs of the regional economy. They are responsible for the oversight of the PA CareerLink® locations, where job-seekers can get employment information, find out about career development training opportunities, and connect to various programs in their area.<sup>23</sup>

#### PA CareerLink® Centers

In Pennsylvania, PA CareerLink® centers are what the WIOA refers to as ‘one-stop’ centers and what the U.S. Department of Labor refers to as American Job Centers.<sup>24</sup> These centers are referred to as “one stops” because they were created to serve as local one-stop centers for the delivery of a multitude of government services that support the employment and training of individuals. PA CareerLink® centers are the physical locations where the services associated with each WIOA-mandated partner’s core programs are provided.

The PA CareerLink® “one-stop” delivery system is designed for job-seekers and those who want to acquire additional skills to increase their competitiveness in the job market. Employers access PA CareerLink® centers to fill their need for skilled employees.

PA CareerLink® centers bring together workforce development, educational, and other human resource services in a seamless, customer-focused service delivery network that enhances access to the programs’ services. This PA CareerLink® system also improves long-term employment outcomes for individuals who receive assistance. Partners in the PA CareerLink® centers administer separately funded programs as a set of integrated, streamlined services to customers.

PA CareerLink® Centers provide access to:

- Job search, placement, and recruitment.
- Training services and employment activities.
- Programs and activities provided by one-stop partners.
- Employer services to identify skilled workers for available jobs.

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<sup>21</sup> Chief elected officials are appointed by virtue of their local elected positions (i.e., a county commissioner or the mayor of a major city).

<sup>22</sup> United States Department of Labor, Employment and Training Administration. *Workforce Innovation and Opportunity Act Frequently Asked Questions (July 22, 2014)*.

<sup>23</sup> Pennsylvania’s Local Workforce System. Pennsylvania Workforce Development Association website. <<https://www.pawork.org/about-us/pennsylvanias-local-workforce-system/>> (accessed April 24, 2018).

<sup>24</sup> Ibid.

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The WIOA requires a minimum of one physical PA CareerLink® center in every local workforce area.<sup>25</sup> L&I's workforce development deputation is designated by the Governor's Office as the fiscal agent functionary of the PA CareerLink®.

#### **Center for Workforce Information Analysis**

L&I's Center for Workforce Information Analysis (CWIA) performs job projections which help to identify job trends for the future, labor market information, statistics, demographics, etc. This information is made available at all PA CareerLink® centers and is used to guide individuals on job openings and job opportunities for today and in the future.

There are four main types of employment projections that the CWIA is able to generate in order to help identify current and future job market demands:

#### **1. Occupational Projections**

These long-term projections are used primarily as a reference tool for career guidance, job search assistance and training program planning by Workforce Development Boards, Economic Developers, Program Planners, PA CareerLink® sites, educators, and career counselors. This information is also utilized in the Pennsylvania Career Guide and High Priority Occupations lists.<sup>26</sup>

#### **2. High Priority Occupations**

Align workforce training and education investments with occupations that are in demand by employers, have higher skill needs, and are most likely to provide family sustaining wages.<sup>27</sup>

#### **3. Long-Term Industry Projections**

These long-term industry employment projections are revised every two years to incorporate economic changes that occur across the nation. Data contained in these tables

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<sup>25</sup> 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by USDOL and USDOE June 11, 2018, p. 29.

<sup>26</sup> Pennsylvania Department of Labor & Industry CWIA website: Occupational Projections <<http://www.workstats.dli.pa.gov/Products/LongTermOccupationalProjections/Pages/default.aspx>> (accessed May 2, 2018).

<sup>27</sup> Pennsylvania Department of Labor & Industry CWIA website: High Priority Occupations (HPO's) <<http://www.workstats.dli.pa.gov/Products/HPOs/Pages/default.aspx>> (accessed May 2, 2018).

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are the best available source of information for estimating job opportunities, developing training programs, and gaining an insight into future employment trends.<sup>28</sup>

#### 4. Projected Job Skills

Job skills are personal abilities that help workers carry out job-related tasks. Job skills go beneath occupational titles to list the knowledge, work activities, and tools and technologies typically required for an occupation and can aid in training and curriculum development. Industry data tells where the jobs are, occupational data tells what the jobs are, and skills data tells how to train for the jobs.

The CWIA analyzes the job skills for each occupation and summarizes each job skill's occurrence across all occupations. This information can be used to determine those skills most needed across all occupational openings and those that are growing or declining in demand – by area. In addition, the job skills for each occupation were multiplied by the occupation's base and projected employment and each job skill's occurrence was summarized across all occupations. Likewise, this information can be used, based on employment, to determine those skills most needed and those that are growing or declining in occurrence.<sup>29</sup>

The information generated by the CWIA is important because it is utilized by the workforce system, including the state workforce board, to perform comprehensive reviews of labor market information, workforce intelligence, and other available information to help businesses make informed, strategic workforce development and hiring decisions. In conducting our audit procedures, we found that this information has not been adequate to assess the needs of employers, especially with projecting employers' future needs. This issue is discussed further in Finding 2.

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<sup>28</sup> Pennsylvania Department of Labor & Industry website  
<<https://www.workstats.dli.pa.gov/Products/LongTermIndustryProjections/Pages/default.aspx>> (accessed December 19, 2018).

<sup>29</sup> Pennsylvania Department of Labor & Industry CWIA website: Pennsylvania's Projected Job Skills 2014-2024  
<<http://www.workstats.dli.pa.gov/Products/ProjectedJobSkills/Pages/default.aspx>> (accessed May 2, 2018).

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**Finding 1 – Stronger commitment and more effective oversight of interagency coordination are needed by Pennsylvania’s state workforce development board to ensure the Governor’s vision and goals addressing the challenges of Pennsylvania’s workforce development system are met.**

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The federal Workforce Innovation and Opportunity Act (WIOA) requires that each state have a state workforce development board (state board).<sup>30</sup> A key function of the board is to enhance the capacity and performance of the state’s workforce development system.<sup>31</sup> An effective workforce development system requires strategic leadership to ensure that there is alignment between employers’ needs and those seeking employment (i.e., the workforce).<sup>32</sup> In consultation with the Governor, the state board should fill this important strategic role. In addition to aligning employer and workforce needs, an effective state board must coordinate and align state and local agencies within the workforce development system to ensure educational and employment service programs meet the needs of employers to enhance Pennsylvania’s economic competitiveness. However, we found that despite the fact that the WIOA provides clear-cut functions of the state board, Pennsylvania’s state board has suffered from:

- An unclear vision, mission, and purpose.
- Inadequate oversight and tracking of interagency coordination in meeting the goals outlined in the Pennsylvania’s WIOA State Combined Plan (state plan).
- The need for stronger commitment by state board members to address challenges within the workforce development system.
- A lack of coordination with the local workforce development boards within the workforce development system.

These issues are discussed in the subsequent sections of this finding. Our conclusions are supported by research into effective state workforce board governance, interviews with workforce officials and business representatives, review of state board meeting minutes, and review of the state board’s tracking spreadsheet of status of goals included in the state plan. In addition, our conclusions are based on the results of a survey we sent to each of the current 44 state board members on February 1, 2018, of which only half the board responded (despite numerous requests from us and from the Pennsylvania Department of Labor and Industry (L&I)).<sup>33</sup> We also sent a questionnaire to the executive directors of each of the 22 local

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<sup>30</sup> 29 U.S.C. § 3101 *et seq.* (Ch. 32 – Workforce Innovation and Opportunity), Public Law 113-128. See specifically, Section 3111 (relating to State workforce development boards) of the WIOA, 29 U.S.C. § 3111.

<sup>31</sup> 29 U.S.C. § 3111(d).

<sup>32</sup> *Ibid.*

<sup>33</sup> See state board membership make up in the Introduction and Background Section to this audit report.

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workforce development boards (19 responded, or 86 percent), and we reviewed results of a survey of businesses throughout the Commonwealth conducted by the Pennsylvania Chamber of Business and Industry (Chamber) in April 2016.<sup>34</sup>

The lack of strategic leadership and oversight from the state board contributed to a state workforce system that is misaligned and not meeting the needs of individuals and employers alike, including gaps in needed education and skills, which is discussed further in Finding 2. Pennsylvania continues to face challenges with respect to its workforce development system. Many employers have reported they cannot find employees for the jobs they have.

The Governor provided guidance by issuing Executive Order 2018-04, as amended on August 2, 2018. This was over two years after the current four-year state plan was implemented on July 1, 2016. The Executive Order outlines the Governor's strategic vision for workforce development, delineates the purpose of the state board, and states the importance of its role to ensure interagency coordination and alignment over a variety of agencies encompassing workforce programs and services. While this communication is a positive step, we question why providing this vision and purpose to the state board took over two years.

Additionally, the Governor implemented the new PAsmart initiative in July 2018, providing \$30 million of investments in new state resources for workforce development and education, including a new computer science and Science, Technology, Education, and Mathematics (STEM) education program, a new registered apprenticeship and pre-apprenticeship program, and expansion of the Next Generation Industry Partnerships program to help bridge the skills gaps for individuals to meet the job needs of employers. These programs are discussed further in Finding 2.

While the new strategic vision has been communicated and new workforce programs have been created, the state board must provide effective leadership and drive interagency coordination to meet the goals and vision of Pennsylvania's workforce development system on a continuous basis in order to meet the ever-changing needs of employers and workers.

#### **Unclear vision, mission, and purpose**

According to the National Governors Association Center for Best Practices (NGA Center) and the National Association of State Workforce Board Chairs, a high performing state workforce board is one that provides leadership to the entire workforce system.<sup>35</sup> This begins with setting and communicating a vision for the workforce system. Developing a statewide vision and goals for education and the workforce development system is vital for ensuring that the state meets the

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<sup>34</sup> Pennsylvania Chamber of Business and Industry's 2016 Workforce Development Survey (April 2016).

<sup>35</sup> NGA Center and the National Association of State Workforce Board Chairs. Building a High-Performing State Workforce Board: A Framework and Strategies for States. December 14, 2016.

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needs of individuals and businesses. Once the vision is set, the Governor and state board should embrace the vision and align all activities towards achieving it. The state board should work to communicate this vision to state agencies and local workforce investment boards in order to understand and align to the vision. In this way, the state board acts as the leader and catalyst to enhance the capacity and performance of the workforce development system, aligning investments in education and job training, integrating service delivery across programs, and ensuring that the workforce system is job-driven and matches employers with skilled individuals.

We found for Pennsylvania, however, that prior to the Governor signing Executive Order 2018-04 on August 2, 2018, Pennsylvania's state board suffered from an unclear vision, mission, and purpose. In reviewing the state board's meeting minutes over our audit period beginning July 1, 2014 through the state board meeting held on August 15, 2018, the Governor, including representatives from his office, failed to fully articulate his vision and goals for Pennsylvania's workforce system.<sup>36</sup> While he signed an Executive Order to outline the vision and purpose of the state board, this was over two years after the implementation of the current state plan. And when the order was finally signed, it was just a mere mention during the following board meeting on August 15, 2018, less than fifteen days later.

The Governor's strategic vision and goals are set forth in the state plan (see further details in the Introduction and Background section of this audit report). Our survey, conducted of state board members in February 2018, in which only 22 of the 44 members (50 percent) responded, found that less than 46 percent of the responding members had the opinion that the state board received proper direction from the Governor's Office regarding the Commonwealth's vision for workforce development. Even more troubling, less than 32 percent of the responding members had the opinion that the state board has provided sufficient guidance to the local workforce development boards to ensure the Governor's vision for workforce development is implemented.

In other words, at the time of our survey, there were members sitting on the state board who did not even understand what was expected from the Governor's Office and, therefore, were unprepared to contribute to the state board's mission of aligning job-seekers with the workforce needs of employers. Other very concerning comments received from various state board members showed:

- The purpose of the state board is not known, and there is a feeling the board, in part, may be just for "show" that various stakeholders are represented.
- Lack of understanding of the state plan and questioning as to whether all the issues that must be addressed are actually being addressed.

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<sup>36</sup> Please note that current Pennsylvania governor Tom Wolf, whose tenure began on January 20, 2015, was in office for the majority of our audit period.

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The opinions of the state board members were reinforced when we made a similar inquiry in February 2018 as part of a survey conducted of the executive directors of each of the 22 local workforce development boards, to which 19 of 22 executive directors responded. Only 21 percent of the responding executive directors had the opinion that the state board effectively communicated the Commonwealth's goals, while 79 percent felt this communication was only fair at best, citing:

- No or minimal communication is received from the state board articulating the workforce development system's vision and goals.
- There is a disconnect with the local workforce development boards because they are not represented on the state board.

These survey responses from both state and local board members essentially show that the workforce development board is made up of leaders collectively responsible for governing the state workforce development system but lack a clear vision of what the workforce system aims to accomplish. The state board needs to take the necessary steps to fully recognize and conceptualize the Governor's vision in order to articulate a possible future of the workforce system in Pennsylvania.

Understanding, communicating, and implementing a well thought-out, clear vision is a vital component of successful leadership. All activities should be aligned towards achieving the vision and in turn, promoting a high performing workforce development system for Pennsylvania in which employers' needs for skilled workers, along with workers' needs for career and economic advancement, are met. This critical alignment is nearly impossible without the clear understanding and communication to all state and local agencies and partners throughout the system. Ultimately under the existing paradigm, employers and workers in Pennsylvania suffer as needed jobs go unfilled.

#### **Inadequate oversight and tracking of interagency coordination in meeting the goals outlined in the state plan.**

Pennsylvania's state plan states that a key factor in accomplishing the Commonwealth's five broad goals (see further details in the Introduction and Background section of this audit report) will be to boost interagency cooperation on workforce issues in order to achieve a team effort to implement the state plan and to amend it if and when necessary. The state plan goes further in stating that "the development of the state plan was the starting point for an unprecedented effort in Pennsylvania to transcend the fragmentation of workforce programs."<sup>37</sup>

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<sup>37</sup> Pennsylvania 2016-2020 Workforce Innovation and Opportunity Act (WIOA) Combined State Plan as substantially approved by the United States Department of Labor (USDOL) and the United States Department of Education (USDOE) on June 16, 2016, pp. 7-8.

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The commitment to achieving these goals – to getting all workforce agencies and programs pulling toward unified goals and better outcomes for job seekers, incumbent workers, employers, and all Pennsylvanians – starts at the very top, with the Governor’s strategic vision. State agencies must work together to leverage resources, both federal and other, to achieve the goals of the strategic vision and to achieve the system’s mission.

#### *Inadequate tracking of interagency coordination to meet state plan goals.*

The state board’s leadership in ensuring interagency coordination and achievement of the goals of the strategic vision is critical for success; however, we found that the state board’s oversight and tracking of this interagency coordination and progress towards completion of these goals to be lacking. We asked how the state board tracks and documents its oversight of interagency progress towards completion of the goals outlined in the state plan. We were provided with a spreadsheet in July 2018 which listed the details of each of the goals included in the state plan along with responsible agencies; however, we found that much of the data in the spreadsheet was outdated and the spreadsheet lacked plans and timelines for completion for many of the goals. After further inquiry, management acknowledged that the tracking spreadsheet had not been updated since July 2017, or at least 12 months. Furthermore, the minutes of the February 13, 2018, state board meeting indicated that the Secretary of the Pennsylvania Department of Education (PDE) stated:

[T]he Governor’s new vision is a great opportunity for the commonwealth to coordinate leadership. Over the course of the past three years, PDE has been exploring career pathways and alignment of programs. This work has not necessarily [been] done in collaboration with L&I, but moving forward he would like to ensure the two departments work together to align resources and visions to not work in silos.<sup>38</sup>

The state board must be the driving force to coordinate interagency activities in order to ensure alignment to the goals and vision of the state plan, to prevent state agencies from working in “silos,” and to prompt them to work in tandem with each other as directed by the state board. L&I management stated that the state board is in the process of developing a new work plan to implement the state plan to provide better monitoring of workforce programs and progress towards the goals across state agencies; however, as of our last inquiry on November 29, 2018, this work plan is still in draft form. While a more robust system to track and monitor implementation of the Commonwealth’s goals in the state plan across all of the state agencies is critical at any juncture, it is especially imperative that this new work plan get finalized and implemented in light of the state plan already being nearly halfway through its current four-year state plan. The longer the work plan and monitoring is not in place, the higher the risk that the Governor’s strategic visions and goals within the state plan will not be achieved. In turn, the state workforce development system will not meet the needs of employers for qualified skilled

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<sup>38</sup> Pennsylvania Workforce Development Board meeting minutes for February 13, 2018.

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workers. It then follows that such deficiencies will undermine Pennsylvania's economic development and competitiveness.

#### *Interagency work group meetings are not documented, nor is the group's progress tracked.*

Additionally, the state plan established an interagency work group that meets to consider ideas, discuss agency initiatives and goals, discuss how partner agencies can help achieve them, and to share best practices. The interagency work group is an ad hoc group comprised of executive and program level staff from the Pennsylvania Departments of Aging (Aging), Education (PDE), Human Services (DHS), L&I, Agriculture (Ag), Community and Economic Development (DCED), Military and Veterans Affairs (DMVA), and Corrections (DOC), as well as the Governor's Office. The work group is coordinated by the Governor's Office and led by the Deputy Secretary of Workforce Development within L&I. Additionally, DHS, DCED, and Ag have added special assistants focused on workforce development initiatives, all of whom participate in the interagency work group and assist with facilitating alignment of activities.<sup>39</sup>

We reviewed the state board minutes and could not find this group addressing the board on matters other than preparation of the original state plan and the subsequent two-year modification of the state plan. We found no documentation or tracking of any progress this group has made by way of interagency coordination in meeting the goals of the state plan. L&I management stated that the Interagency Workgroup meets informally on other interagency coordinated matters; however, the meetings are not documented in minutes or otherwise. This group could provide significant oversight to achieving agency initiatives and goals set forth in the state plan and therefore, the state board should ensure the meetings of this group are also being documented and tracked as part of its new implementation work plan. Additionally, this interagency workgroup should report on its activities and progress during regular state board meetings.

#### **Need for stronger commitment by state board members to address challenges within the workforce development system**

We found that, in addition to the lack of clear vision and purpose along with inadequate tracking of interagency coordination and implementation of the goals set forth in the state plan, it appears that some state board members may lack commitment to address challenges with the Commonwealth's workforce development system, including:

- Better state agency participation at state board meetings.
- Better state board meeting attendance.

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<sup>39</sup> Pennsylvania 2016-2020 WIOA Combined State Plan as substantially approved by the USDOL and the USDOE on June 16, 2016, p. 40.

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Note that our review of state agency participation and board member attendance focused on the regular public state board meetings. The state board also has various active subcommittees which perform work as directed by the state board (see further information regarding the subcommittees in the Introduction and Background Section to this audit report). These subcommittees will or may present outcomes of their work at the regular public state board meetings, as applicable. We did not review work at the subcommittee level, but rather focused our review on state agency participation and member attendance at the public state board meetings where the leadership and decision making takes place.

#### ***Better state agency participation is needed at state board meetings.***

We reviewed the state board meeting minutes from March 5, 2014 through August 15, 2018, and found that there were some state agency heads and/or their representatives who serve on the workforce board who are not actively engaging or participating while attending these important meetings.<sup>40</sup> For instance, we found that for each of the 16 board meetings held during the period we reviewed, there were one or more state agency representatives who did not provide insight, information, or discussion at a particular meeting. Further, we found that at 11 of the 16 meetings, a representative from the Governor's Office did not participate in the board proceedings, and at no time did the Governor himself attend a board meeting to directly address the board. On a positive note, overall it appears that participation by state agencies and the Governor's Office representatives has recently improved.

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<sup>40</sup> Even though our audit period begins July 1, 2014, we included all state board meetings held during calendar year 2014 to have a better comparison over each of the years.

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The chart below shows a very conservative tally of participation and non-participation from state agencies and the Governor’s Office at the board meetings during our period of review. We noted any type of participation recorded in the minutes, whether a simple response or a more elaborate discussion or presentation. Attendance alone does not constitute participation.

**State Agency Participation Recorded In Board Meeting Minutes**

State Agency	2014			2015		2016				2017				2018		
	March 5, 2014	June 4, 2014	October 22, 2014	October 8, 2015	December 3, 2015	March 1, 2016	June 7, 2016	August 23, 2016	November 29, 2016	March 7, 2017	May 9, 2017	August 8, 2017	November 14, 2017	February 13, 2018	May 23, 2018	August 15, 2018
<b>Governor’s Office</b>	X	X	X	X	X	X	X	X	X	✓	X	✓	X	✓	✓	✓
<b>Labor and Industry</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Education</b>	✓	X	X	✓	✓	X	✓	✓	✓	X	X	✓	X	✓	X	✓
<b>Agriculture <sup>c/</sup></b>				✓	✓	X	X	X	X	✓	✓	✓	✓	X	✓	X
<b>DCED</b>	X	X	X	X	✓	✓	X	✓	X	✓	✓	✓	X	X	X	✓
<b>DHS</b>	X	X	X	✓	X	X	X	X	✓	X	X	X	X	X	✓	✓
<b>Corrections <sup>a/</sup></b>		✓ <sup>b/</sup>														X
<b>Aging <sup>a/ d/</sup></b>	X	X	X													X
<sup>a/</sup> On August 2, 2018, Governor Wolf signed Executive Order 2018-04, amended, which added the Secretaries from the Departments of Aging and Corrections as members of the state board.																
<sup>b/</sup> PA Department of Corrections Secretary made a presentation to board members on June 4, 2014.																
<sup>c/</sup> The Secretary of the Department of Agriculture was not added was not on the board under the previous administration in 2014 but was added by the Governor Wolf Administration in 2015.																
<sup>d/</sup> The Secretary of the Department of Aging was a member of the board under the previous administration in 2014, was not included at the beginning of the Governor Wolf Administration, but added back by Executive Order 2018-04.																
✓ - State agency participation was recorded in board meeting minutes.																
X - State agency participation was not recorded in board meeting minutes.																

The chart above shows that L&I, while clearly the most significant agency involved with workforce development, was the only state agency that participated and was actively involved and engaged at each of the 16 meetings occurring during our review period. Of note is that the Secretaries of Aging and DOC were only added as members to the state board as a result of the Governor’s new Executive Order 2018-04, effective August 2, 2018, and therefore, these two agencies did not have input and corroboration into workforce development during our entire review period. It is imperative going forward that these two agencies also participate in

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discussions involving ex-offenders, re-entry programs, and older workers. See Finding 2 for further concerns we have regarding a lack of programs specifically for older workers.

We believe that good governance requires an active and engaged group of board members, especially from the state agencies involved with workforce development. An active and engaging board is a board that spends its time involved in the discussion and exploration of the workforce development issues, trends, and topics that are relevant to each of the different state agencies at that time. A high performing workforce development board should engage in asking questions, addressing relevant workforce issues, and engage in critical and creative thinking to address workforce development problems and solutions. The state board needs to be a driver in ensuring successful interagency coordination and implementation of state plan goals.

We further found that the state board's February 13, 2018, meeting was the first mention of a new proposed initiative called PAsmart (see more information in Finding 2), which the Governor had included in his budget address on February 6, 2018. With the significance of such an initiative as PAsmart impacting the state's workforce development system, we would have expected the state board to be very involved in its development and proposal, including interagency coordination, but we did not find this to be the case based on our audit work. The chair of the state board stated at the February 13, 2018, meeting that part of the board's job will be to look at the Governor's priorities in more detail and to make sure they are integrated into the board's work moving forward. We agree with the chair that this must happen moving forward to ensure better coordination and interagency corroboration to align resources; however, this should have been happening all along.

#### ***Better state board meeting attendance is needed.***

We also found the state board's engagement to be weak in regard to board member attendance. This demonstrates a lack of commitment to the board and its mission. We found that the state board holds regular meetings. Neither WIOA, or any other laws or regulations, outline a minimum number of times the state board is required to meet each year; however, during our review period from July 1, 2014 through August 15, 2018, the state board has increased the number of meetings it holds each year as follows:

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#### PA Workforce Development Board Meetings

Calendar Year	Number of Meetings	Average Member Attendance <sup>c/,d/</sup>
2014 <sup>a/</sup>	3	62%
2015	2	74%
2016	4	60%
2017	4	54%
2018 <sup>b/</sup>	3	64%
<b>Total</b>	<b>16</b>	<b>61%</b>

<sup>a/</sup> Even though our audit period begins July 1, 2014, we included all state board meetings held during calendar year 2014 to have a better comparison over each year.  
<sup>b/</sup> Includes meetings through August 15, 2018. A fourth meeting took place in 2018 on October 23, 2018; however, we did not include this meeting since minutes, including attendance, were not yet approved at the time of our report.  
<sup>c/</sup> Includes members (or delegates who attended for a member).  
<sup>d/</sup> To be conservative in determining the percent of member attendance, we assumed a board size of 44 members for every meeting, with the exception of the August 15, 2018 meeting for which we assumed 46 members with the addition of the Secretaries from DOC and Aging.

Since the passage of the WIOA in July 2016, the state board's intention is to hold quarterly public meetings. While increasing the participation of state board activity through an additional meeting or two each year is a positive step, it is not nearly enough. We found board members' attendance, including delegates attending for a member, at these meetings to be severely lacking. In fact, only one meeting which was held in 2015 exceeded 66 percent attendance, and for two meetings, held on December 3, 2015, and March 1, 2016, a quorum was not even reached.<sup>41</sup> For the meeting without a quorum on December 3, 2015, a vote to approve the new five-year state plan was to take place. Instead the state board moved the vote to an electronic format to be taken at a later date because it could not reach a quorum. The state plan, which lays out the Governor's strategic vision and goals, is vital for the success of Pennsylvania's workforce development system, and all board members should be vested in its process and final approval. Rather than increasing attendance and commitment at the state board meetings, the state board later amended the bylaws so that it would be easier to reach a quorum by utilizing proxy voting when members are not in attendance.

Further evidence showing this lack of commitment was the fact that only half, or 22 of 44 state board members, responded to our survey sent in February despite numerous requests from us and L&I. Increased commitment and engagement must be made by state board members. An average attendance rate of only 61 percent at state board meetings does not demonstrate strong commitment and leadership collectively of members on the board. A state board with strong leadership and engagement is critical for ensuring accountability to the vision, mission, and

<sup>41</sup> Per the Bylaws of the Pennsylvania Workforce Development Board (amended August 8, 2016), a quorum constitutes a majority of the members, as well as the approved proxies shall constitute a quorum of the Board for the purpose of organizing and conducting business. Representatives shall not count towards a meeting quorum.

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goals, including a high performing workforce development system which aligns workers having necessary skills and training with the needs of employers. The state's economic growth and development depends, at least in part, on this leadership and commitment.

#### **Lack of coordination with the local workforce development boards within the workforce development system.**

The state board must also improve the lines of communication between the board itself and the local workforce boards, which is where most of the experience and support is provided to businesses and workers. Based on our interviews with workforce officials and our surveys of state board members and local workforce development board executive directors, we found that the current workforce support system is fractured and often operates in silos. These silos limit communication and as a result, policy is not coordinated between state and local levels. This is evident not only with the lack of sufficient guidance from the state board to the local workforce development boards, which should ensure the vision, mission, and goals of the state workforce development system are implemented, but also with the lack of input and representation from the local boards to the state board.

We interviewed a local workforce official who stated that over the years, the state board has not been strong enough due to a lack of input from the local workforce boards. This official stated that the local boards have been trying for years to get local chairs or executive directors onto the state board, and suggested that to make the state board stronger, representation from the local workforce development boards is vital.

We agree that the state board should have representatives from the local workforce boards discussing the needs of local workforces. This would be helpful because the state board would be better able to collectively understand Pennsylvania's workforce needs. This would also lead to a stronger state board with diverse leaders, which would be more reflective of Pennsylvania businesses and would be an improvement to the workforce development system as a whole.

According to the local workforce official we interviewed, another problem with how the state board is currently structured is that actions taken by the board tend to have a "one-size fits all" approach when it comes to the implementation of programs and policies statewide. Developing and implementing workforce policy and programs statewide without proper representation and input from each of the workforce regions could be counterproductive and actually make the workforce system inefficient, ineffective, and out of alignment with local workforce development needs. The 22 local level boards play an important role within the workforce system and, therefore, should have representation when deciding what workforce development policies are best for all of Pennsylvania.

In our survey of the executive directors of the local workforce development boards, we found many executive directors who indicated that they feel left out and discouraged by the current

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structure and composition of the board. Some of the more notable comments we received from these executive directors include:

- “We have no direct connection to the state board, in terms of a representative from this region, and receive minimal communication from them. We believe the absence of our region’s representation has contributed to this lack of connectivity.”
- “To date, there hasn’t been a significant amount of communication between the state board and our local board.”
- “... I think the locals have experience that could benefit the state board in decision making. I also think each area should have the opportunity to nominate an employer for the board.”
- “Currently, the state board does not present or share its goals with the local boards other than having a publicly posted WIOA Combined State Workforce Development plan. It would be great if there was a regularly scheduled call with the state Board directors and the local Board directors to share information about workforce goals and how we are working to achieve the goals.”
- “Because we have experienced a lack of connectivity to the board, we unfortunately see them more as a silent partner.”
- “They appear to be working in a silo and not collaboratively with the local boards. I’m sure they are accomplishing great things but if no one is aware or collaborating in design and implementation you are only making minimal gains. The state Board should be strategic and not dealing in the details of program design. Local boards should be working more closely with the state board on committees and other interactions. There is a lot of experience in the field that could assist the board in making more informed decisions. Many things have been tried in the past some successful others not so much and if we have an opportunity to share more – more could be accomplished.”
- “I think the state board’s role should be to serve as the guiding and leading best practices for our entire workforce system. This is another reason why it is important that each local area have representation on the board.”

Comments from the executive directors of local boards show a significant breakdown of coordination between the state and local levels of the workforce system. The 22 local workforce boards are a vital part of the dynamic workforce changes taking place throughout the commonwealth. The knowledge, experience, and strategic thinking they provide for the entire workforce system should be harnessed at the state level to help make the workforce system

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better. Local level engagement is critical to successful change and innovation throughout Pennsylvania.

On a positive note, a couple of comments received from local board executive directors expressed optimism going forward that new state board leadership and members will welcome input and collaboration with the local boards who have greater experience in the state workforce system. We believe this is critical and will, in turn, promote a stronger workforce development system for Pennsylvania.

### **Conclusion**

It is imperative that Pennsylvania's state board provide stronger leadership and coordination to the entire workforce system. In so doing, the state board must fully understand and communicate the Governor's strategic vision and goals. The state board needs to be the driver of policy, including interagency and local coordination, to ensure alignment of workforce development resources in meeting the strategic vision and goals outlined in the state plan. Recent progress is being made, but the state board must ensure this continues to enhance Pennsylvania's workforce development system and economic competitiveness. The state board must also be cognizant of the immediacy in achieving its objectives and obtaining measurable results in light of the status of the state plan being approximately halfway through its expiration date. Finally, the Governor and the system's agencies should make more of a concerted effort to not only assist the state board in its implementation of the state plan but actively support the coordination of efforts between the system and the local boards.

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### **Recommendations for Finding 1**

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We recommend that the Pennsylvania Workforce Development Board:

1. Encourage the Governor to speak at a minimum of one of the state board meetings and at a minimum of one of the statewide meetings on his strategic vision and goals of the state workforce development system and to achieve its mission, including the importance of this endeavor and significance of the state board's commitment and leadership.
2. Chairperson should address the state board members regarding the importance of the board and their commitment at a minimum of one of the state board meetings and ensure that an orientation session, including information on the Workforce Innovation and Opportunity Act and the current state plan, is held for any new member (and/or proxy) promptly after the member takes his seat on the board.

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3. Articulate and communicate the Governor's strategic vision and goals to state agencies and local workforce development boards through a statewide meeting and/or other individual meetings with all the respective agencies.
4. Ensure all workforce development activities are aligned to meet the strategic vision and goals outlined in the state plan.
5. Take all necessary steps to fully recognize, understand, and conceptualize the Governor's strategic vision and goals outlined in the state plan in order to ensure they are properly considered and included in the development of the work plan for implementation of the state plan.
6. Finalize development of the work plan for implementation of the state plan in Recommendation #5, including goal tracking spreadsheets to enable monitoring of interagency responsibilities, timelines, and progress of meeting the plan goals.
7. Implement the state plan implementation plan immediately upon completion and update the goal tracking spreadsheets regularly, at least for each quarterly state board meeting.
8. Utilize the Interagency Workgroup to provide coordination and input into achieving state agency initiatives and goals as outlined in the state plan.
9. Require the Interagency Workgroup to formally document its meetings, activities, and results, and present their results during regular state board meetings.
10. Require participation and input from all respective member state agency heads or representatives in the establishment of agendas and/or methods of presentations at the state board meetings.
11. Encourage attendance and engagement by all state board members on a continuing basis.

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12. Obtain representation and consider input from local workforce development boards in making decisions on statewide workforce policy and programs. This could be accomplished in various ways, including but not limited to:
- Appoint a liaison to actively work with local boards to facilitate open communication and active participation.
  - Invite representatives from the local boards to attend and participate in the state board meetings.
  - Survey the local boards on relevant issues prior to the state board meetings in which the issues are discussed.
  - Establish a direct line of communication and sharing of information between the local and state boards.

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**Finding 2 – Pennsylvania’s workforce development system is not meeting the needs of employers and is showing mediocre performance compared with other states. While new initiatives are being implemented, more improvement is necessary to prepare students and current job-seekers with necessary training and skills to fill job needs and enhance Pennsylvania’s economic competitiveness.**

Pennsylvania continues to face challenges with respect to its workforce development system. Many employers report that they cannot find qualified employees for currently available open positions, all while unemployment is historically low. This trend is not isolated to Pennsylvania. In fact, states are competing with other states to attract qualified persons to fill their respective job needs. Some examples are as follows:<sup>42</sup>

- Wisconsin has earmarked nearly \$7 million in regional advertising to lure workers from neighboring states.
- Indiana has set up a web portal to attract veterans as they leave the military.
- A local Chamber of Commerce in North Dakota is offering to match employer signing bonuses up to \$5,000.

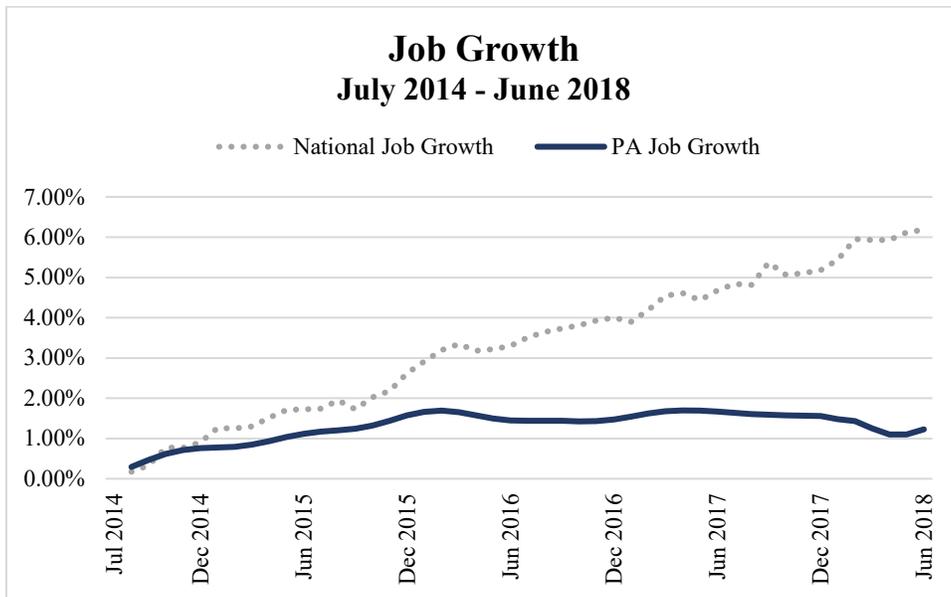
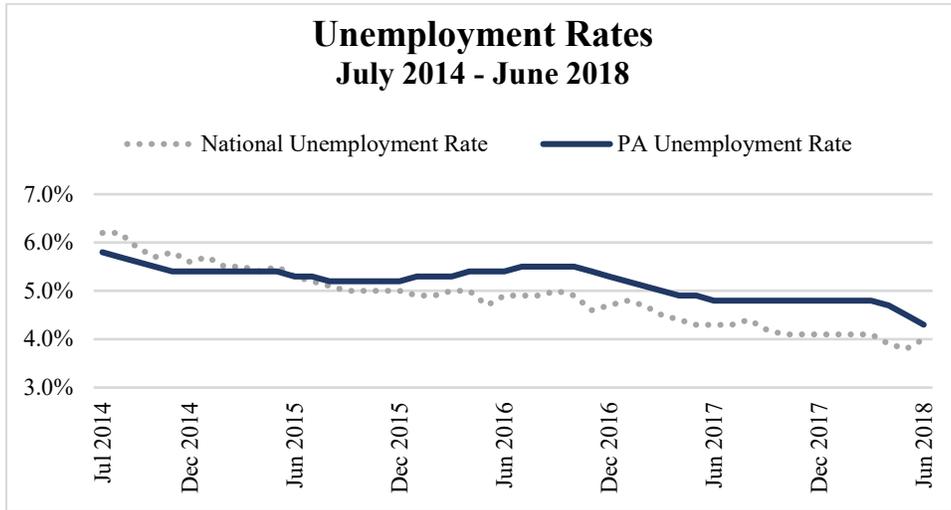
With this competitive environment for workers, Pennsylvania’s workforce development system needs to do everything it can to develop a workforce that meets the needs of its employers with jobs to fill. Pennsylvania’s job growth during the period July 2014 through June 2018 was a mere 1.34 percent, while the nation averaged 6.43 percent job growth. Further, Pennsylvania’s unemployment rate has been higher than the national average every month from July 2015 to June 2018.

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<sup>42</sup> Cohn, S. (2018, July 9). *Workers are the new weapon as states go to extremes in the battle for business*. Retrieved from <<https://www.cnbc.com/2018/07/03/how-workers-are-the-new-weapon-as-states-battle-for-business.html>> (accessed October 18, 2018).

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Source: Unemployment and job growth statistics compiled by staff from the Pennsylvania Department of the Auditor General using data taken from the U.S. Bureau of Labor Statistics. We did not perform procedures to validate underlying data of the U.S. Bureau of Labor Statistics, and therefore, this data is of undetermined reliability as noted in Appendix A. However, this data is the best data available. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our finding and conclusions.

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In relation to these negative statistics for Pennsylvania, our second audit objective was to determine if Pennsylvania's Workforce Development System has appropriate directives, policies, and procedures to effectively:

- Identify current and future needs of employers within Pennsylvania.
- Coordinate educational institutions and employment service programs to meet the needs of employers to enhance Pennsylvania's economic competitiveness.
- Provide services to assist older and/or displaced workers to update their skill sets to re-enter the workforce.

Based on our audit procedures, which included interviews with workforce officials and business representatives, surveys that we sent to each of the 44 Pennsylvania Workforce Development Board (state board) members and to the executive directors of each of the 22 local workforce development boards in February 2018, and review of the results of a survey of businesses throughout the Commonwealth conducted by the Pennsylvania Chamber of Business and Industry (Chamber) in April 2016, we found:

- Pennsylvania's workforce development system is misaligned and not meeting the needs of employers.
- The state board should develop a plan for improving how the educational system prepares students for future employment, along with training current job-seekers with necessary soft-skills needed for employment.
- The state board needs to keep the workforce development system accountable to the goals of Pennsylvania's State Combined Plan (state plan), ensuring appropriate performance measures exist.
- A lack of programs to assist older workers (55 years and older) to update their skill sets to re-enter the workforce.
- Other critical areas impacting workforce development should be addressed by the state board, including drug issues and available public transportation.
- Recent movement in addressing workforce development issues, including the implementation and expansion of new initiatives and programs.

The state board must do all it can to identify the current and future needs of employers within Pennsylvania and coordinate educational and employment service programs to meet the needs of employers. While proactive steps are being taken to address workforce development issues, it is imperative that Pennsylvania continue to improve its workforce development system to enhance

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its economic competitiveness. The following sections further discuss the issues and concerns noted above, along with recommendations for improvement.

#### **Pennsylvania's workforce development system is misaligned and not meeting the needs of employers.**

At the heart of the workforce development system is providing individuals with the skills and knowledge they need to meet the needs of employers and be successful in the workplace. As detailed in the Introduction and Background section of this audit report, the workforce development system is complex, with a variety of programs, initiatives, and funding sources along with a diverse make-up of entities involved (e.g., state agencies, local workforce development agencies, small and large businesses, educational institutions, etc.). Due to the unclear vision, limited interagency coordination and communication, and the need for stronger engagement by the state board, as discussed in Finding 1, the actual needs of employers and workers are often not fully met.

In today's workforce climate with ever-changing technologies, workers and job seekers increasingly need to learn new skills and be trained continually to meet employers' needs. This means effective, adaptable, and coordinated systems for education and workforce development are increasingly important. Projecting jobs and forecasting job trends over the short term and into the future are critical components to coordinate workforce development and educational programs to align to the needs of employers for skilled, trained, qualified workers. However, we found that Pennsylvania's workforce development system is not meeting the needs of employers seeking qualified and/or skilled workers. Assessing and forecasting the needs of employers must be improved to achieve state workforce development system success.

As discussed in the Introduction and Background section of this audit report, the information generated by the Pennsylvania Department of Labor and Industry's (L&I) Center for Workforce Information Analysis (CWIA) to project jobs, identify job trends for the future, and provide labor market information is utilized by the workforce development system, including the state board, to help align business job openings and needs for skilled, trained, and qualified workers for today and into the future. CWIA generates four main types of employment projections which include occupational projections, high priority occupations, long-term industry projections, and projected job skills.

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Despite the information that CWIA provides to the state board, our survey found that many state board members were not satisfied with the level of program information that is used to assess the needs of employers, especially with projecting employers' future needs, as shown in the responses to our survey questions below:

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State Board Member Survey Responses						
	Excellent	Good	Fair	Poor	Not Sure	No Answer
How would you rate the workforce program data currently collected in terms of assessing the <u>current</u> (i.e., less than 5 years) needs of the Commonwealth's employers?	-	10	9	-	-	3
How would you rate the workforce program data currently collected in terms of assessing the <u>future</u> (i.e., beyond 5 years) needs of the Commonwealth's employers?	-	5	12	1	1	3

The dissatisfaction rating with the level employment projection information by several state board members was confirmed by our interview with the Chamber in March 2018 and review of their business survey conducted in April 2016. Business representatives from the Chamber stated during our interview that they have recently begun to hear from its business members that they cannot find people to fill their job needs. They stated several of the reasons that employers have a difficult time filling these job openings include:

- The lack of qualified candidates with skilled trades or education in science, technology, engineering, and math (STEM).
- The lack of workers having necessary soft-skills, which are the behaviors and work styles that enable people to work successfully as part of an organization.
- The ability of workers to pass drug screenings.

Also, these business representatives stated that it is important that the workforce system dispel the myth that you need a four-year college degree to be successful. They stated that progress is being made in that area, but society is very narrow-minded about what success is today. According to Chamber representatives, due to employers having difficulties finding qualified workers to fill job openings, the Chamber made a decision to become more active. In April 2016, the Chamber conducted a survey of businesses throughout the Commonwealth to determine the job readiness among candidates in critical growing industries.<sup>43</sup> The survey focused on

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<sup>43</sup> The Pennsylvania Chamber of Business and Industry's 2016 Workforce Development Survey was conducted by Harrisburg-based Susquehanna Polling & Research, Inc. and polled 428 employers from across the state in 16 different industries, including Agriculture/Forestry, Construction, Entertainment/Recreation, Finance/Insurance, Government/Education/Public Services, Health Care/Medical, Information Technology/Management,

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awareness of family-sustaining career opportunities that don't require a college degree, which has led to a widening skills gap. The Chamber also used this survey to engage its members to determine their needs and to focus on where the jobs of the future will be needed.

In reviewing the Chamber's survey results, we found businesses are finding it difficult to fill their workforce needs with applicants who have the requisite education, training, and skills. Businesses describe Pennsylvania's current labor force as not being ready to meet the needs of employers with qualified and skilled workers. Businesses are not confident that students entering the workforce have the necessary skills and training. Even more problematic is that businesses anticipate the ability to recruit qualified and skilled applicants will become more difficult over the next five years. The following are highlights of the businesses' survey responses to relevant questions:

How would you describe the readiness of the current labor force to meet the needs of the state's employer community for both qualified and skilled workers?		
Business Response	Number of Respondents	Percentage of Respondents
Excellent	4	1%
Good	86	20%
<b>Fair</b>	<b>215</b>	<b>50%</b>
<b>Poor</b>	<b>113</b>	<b>26%</b>
Not Sure	7	2%
Prefer not to answer	3	1%

How difficult is recruiting qualified applicants who have the requisite education, training and/or skills to fill the workforce needs of your own company?		
Business Response	Number of Respondents	Percentage of Respondents
<b>A little difficult</b>	<b>33</b>	<b>8%</b>
<b>Somewhat difficult</b>	<b>141</b>	<b>33%</b>
<b>Very difficult</b>	<b>151</b>	<b>35%</b>
<b>Extremely difficult</b>	<b>74</b>	<b>17%</b>
Not difficult at all	17	4%
Not sure/not applicable	8	2%
Prefer not to answer	4	1%

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Manufacturing, Mining or Oil/Gas Extraction, Professional/Technical/Legal Services, Real Estate/Leasing, Retail Trade, Transportation/Warehousing, Travel/Accommodation/Food Services, Utilities, and Wholesale Trades.

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Over the <i>past</i> 5 years, has the ease of recruiting qualified and skilled applicants become easier, more difficult or remained about the same?		
Business Response	Number of Respondents	Percentage of Respondents
Easier	12	3%
<b>More difficult</b>	<b>260</b>	<b>61%</b>
Remained about the same	139	32%
Not applicable/Not Sure	16	4%
Prefer not to answer	1	0%

Over the <i>next</i> 5 years, do you anticipate the ease of recruiting qualified and skilled applicants to become easier, more difficult or remain about the same?		
Business Response	Number of Respondents	Percentage of Respondents
Easier	9	2%
<b>More Difficult</b>	<b>245</b>	<b>57%</b>
Remain about the same	151	35%
Not applicable/Not sure	22	5%
Prefer not to answer	1	0%

How confident are you that students entering the workforce with <i>4-year college degrees</i> have the necessary skills and training to meet the demands and needs of today's employers?		
Business Response	Number of Respondents	Percentage of Respondents
Extremely confident	4	1%
Very confident	81	19%
<b>Not very confident</b>	<b>225</b>	<b>53%</b>
<b>Not confident at all</b>	<b>59</b>	<b>14%</b>
Not sure	54	13%
Prefer not to answer	5	1%

How confident are you that students entering the workforce with <i>degrees or certifications in the trades, technical or vocations</i> have the necessary skills and training to meet the demands and needs of today's employers?		
Business Response	Number of Respondents	Percentage of Respondents
Extremely confident	8	2%
Very confident	165	39%
<b>Not very confident</b>	<b>165</b>	<b>39%</b>
<b>Not confident at all</b>	<b>14</b>	<b>3%</b>
Not sure	69	16%
Prefer not to answer	7	2%

Source: The above tables are published results from a survey conducted of businesses throughout Pennsylvania by the Chamber in April 2016. We did not perform procedures to validate underlying data of this survey, and therefore, this data is of undetermined reliability as noted in Appendix A. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our finding and conclusions.

According to a Chamber press release, the survey results were part of the Chamber's ongoing commitment to workforce development and meant to encourage meaningful discussion on how

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Pennsylvania's business community can change the message and perception of pursuing a career in the skilled trades versus a career requiring a college degree.<sup>44</sup> While a college-educated workforce is a vital component to the American economy, there have been more young people going to college and less into technical training programs. This has diverted individuals, who could still earn a good salary with excellent benefits, from having careers in skilled trades.<sup>45</sup> This results in certain employers who cannot find qualified workers to fill their job needs.

While conducting our audit, we heard from workforce officials and business representatives throughout the Commonwealth who stated that the state board needs to do a better job of “rebranding” these types of jobs in skilled trades. In reviewing the state board minutes since July 1, 2014, we have not seen the state board address this issue. The state board needs to be a leader and catalyst to help change how people think about these types of careers. These are not careers just for persons who couldn't get into traditional college, but rather viable, well-paying career options that result in little to no debt. Better coordination, communication, and information sharing among different agencies will help alleviate these kinds of problems throughout Pennsylvania.

#### **The state board should develop a plan for improving how the educational system prepares students for future employment, along with training current job-seekers with necessary soft-skills needed for employment.**

Our interview with Chamber business representatives also eluded to a lack of soft-skills by job-seekers as being an issue for employers having difficulty filling needed jobs with qualified candidates. Soft-skills are the behaviors and work styles that enable people to work successfully as part of an organization. Examples of soft-skills in the workplace include:

- Strong work ethic
- Positive attitude
- Good communication skills
- Time management abilities
- Problem solving skills
- Acting as a team player
- Ability to accept and learn from criticism

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<sup>44</sup>[https://pachamber.org/media/1351/2016\\_Workforce\\_Development\\_Survey\\_Shows\\_Job\\_Creators\\_Struggling\\_to\\_Find\\_Qualified\\_Employees/](https://pachamber.org/media/1351/2016_Workforce_Development_Survey_Shows_Job_Creators_Struggling_to_Find_Qualified_Employees/) (accessed May 2, 2018).

<sup>45</sup> A skilled trade is an occupation that requires specific skill, training, knowledge, and acquired ability to perform work. These jobs specialize in particular occupations that require work experience, on-the-job training, and often formal vocational education, but often not a college bachelor's degree. These types of jobs include carpenters, electricians, plumbers, mechanics, HVAC, dental assistants, clinical lab technicians, etc.

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- Self-confidence
- Flexibility

Throughout the course of our audit, the issue of soft-skills lacking in today's work environment has been brought to our attention over and over again as a barrier for employers' ability to hire and retain qualified and skilled persons to fill their job needs. We interviewed the Chairman of the state board regarding how the state board is addressing the need for soft-skills training. While the Chairman stated that there is common agreement that the lack of soft-skills is a significant problem for employers attempting to fill needed positions and individuals retaining jobs, he acknowledged that the state board has not set any policies in this area. He stated this is an area the board could address and improve.

We included a question regarding soft-skills on our survey to state board members. Of the 22 members who responded, only 4 members, or 18 percent, indicated that the board is doing well addressing the need to develop soft-skills training, while 18 members, or 82 percent, indicated that the board's efforts are fair at best. Clearly, the state board needs to do more to address the lack of soft-skills in today's work environment, which will allow greater opportunity for employment success between the employers and employees.

The following are some notable comments provided in response to our surveys sent to both the state board members and the local board executive directors regarding soft-skills:

- “The biggest challenges include skills training. Both soft skills and technical skills need to meet the demand from existing PA employers and prospective businesses looking to locate in PA.”
- “Workforce is evolving and challenges include but not limited to: meeting the demands of a younger workforce; lack of soft skills; skill gaps in the trades.”
- “All industries in our region are indicating the lack of available workers with the minimal skills necessary to be a good employee (e.g., can pass a drug test, have a strong work ethic, able to communicate, show-up on time, etc.). We are finding that it is a misconception that only the younger generation lacks these skills; it is becoming evident that people of all ages are lacking these foundational skills.”

Addressing the soft-skill gap that exists throughout Pennsylvania is an issue that needs to be addressed and improved. The state board members, who include, in part, state cabinet secretaries and business executives, should be actively addressing this issue and devising a plan with the goal of improving how the educational system prepares students for future employment throughout the various grade levels, along with training current job-seekers with these skills needed for employment.

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#### **The state board needs to keep the workforce development system accountable to the goals of the state plan, ensuring appropriate performance measures exist.**

According to the NGA Center and the National Association of State Workforce Board Chairs, a high-performing state workforce development board should keep the workforce system accountable to the vision and goals using data and other tools. Not only does the state board need to finalize and implement its plan and tracking spreadsheets for completion of the goals outlined in the state plan as discussed in Finding 1, but the state board also needs to ensure the goals and programs are effective by ensuring appropriate performance measures are achieved. This can include the performance measures required by the Workforce Innovation and Opportunity Act (WIOA), but performance measurements should go beyond the federally-required reporting measures.<sup>46</sup>

#### ***Appropriate performance measures need to be developed and evaluated to ensure state plan goals and employers' needs are being met.***

The WIOA creates a single set of common performance measures for adults across all core programs authorized under the act, including both occupational training and adult education programs. A similar set of common performance measures across all youth serving programs authorized under the act are also covered. These core programs are required to report on indicators that provide key employment information, median wages, attainment of credentials, measurable skill gains, and effectiveness of services to employers.

In our interview with the state board Chairman and review of state board discussions documented in meeting minutes, there is acknowledgement that evaluation of additional state-established performance measures beyond those federally required is important to allow for better oversight and improve Pennsylvania's workforce development system. The state board established a Performance and Accountability Committee which has been researching other performance measures that could be beneficial to improving Pennsylvania's workforce system statewide. Based on recommendations from this committee, the state board adopted additional state-established performance measures beyond the required federal measures to further evaluate effectiveness in serving employers, including measuring on a quarterly basis percentage of employers using the system, percentage of repeat business customers, and percentage of job requests for which an individual is referred to the employer.

Focusing on developing and growing Pennsylvania's workforce and economy requires action beyond mere compliance with the WIOA in order to meet the needs of businesses and workers alike. We commend the state board for establishing the Performance and Accountability

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<sup>46</sup> National Governors Association Center for Best Practices (NGA Center) and the National Association of State Workforce Board Chairs. Building a High-Performing State Workforce Board: A Framework and Strategies for States, December 14, 2016.

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Committee and adopting other state performance measures for reviewing effectiveness of serving employers; however, these additional measures only touch the surface of analyzing the effectiveness of the state workforce development system in meeting the needs of employers for qualified and skilled workers. The state board needs to develop additional ways to measure and evaluate the system to ensure success.

Additional evaluation of the state workforce system could be accomplished by conducting or utilizing periodic surveys such as the one conducted by the Chamber in 2016, which would assist in measuring whether state workforce development policy and programs are aligned with employer needs. In fact, there was a question on the Chamber business survey in which 46 percent of the respondents were in favor of conducting a statewide survey of job openings for this very purpose of better aligning state workforce development policy and programs.

Another potential performance measure was suggested during our interview with Chamber officials in which business representatives suggested it would be beneficial to measure high schools' educational success by the number of students employed 5, 10, and 15 years into the future to evaluate and better align the educational system on career readiness. Additionally, the state board suggested during its meeting on August 8, 2017, that the local boards be solicited for ideas on performance measures that could be measured on a statewide perspective. We believe this would be a positive step to develop new relevant and effective program measures; however, per review of all subsequent state board meeting minutes through August 15, 2018, this solicitation has not occurred.

Utilizing feedback from analyzing other types of measures, such as the ones noted above, will allow the state board to better adjust courses as needed, align and direct system resources, and ensure workforce system success in meeting the needs of businesses and the needs of workers.

***Performance under the WIOA is not yet known; however, past results under the former WIA program measures show Pennsylvania's performance needs to be improved compared to other states.***

The new WIOA performance measures discussed above only began to be reported to the United States Department of Labor (USDOL) on October 1, 2018, for the Program Year (PY) 2017 covering the period July 1, 2017 through June 30, 2018. Reporting of the performance measures were not required for the previous PY 2016 to provide time for states to begin collecting data for the new measures under the WIOA, which only became effective on July 1, 2016. Results for PY 2017 showed that Pennsylvania was, for the most part, meeting all targets negotiated with the USDOL; however, these are considered nonbinding targets in the first two years under the WIOA in order to establish a true baseline for what is considered good performance. Accordingly, it is too early to evaluate Pennsylvania's performance and effectiveness of workforce programs using WIOA measures at this time.

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However, in reviewing Pennsylvania's past performance under the former Workforce Investment Act of 1998 (WIA) measures compared to other states for PY 2014 and PY 2015 show that Pennsylvania needs to do better to improve its workforce development system.<sup>47</sup> The USDOL reported state rankings on its website for certain WIA program measures, with a rank of 1 being the top performer and 50 being the worst. The table below shows Pennsylvania's rank for the respective measures.<sup>48</sup>

Pennsylvania Ranking Among All 50 States – WIA Performance Measures		
	PY 2014	PY 2015
<b>Adult:</b>		
Entered Employment Rate	33	27
Employee Retention Rate	27	34
6-Month Average Earnings	27	32
<b>Dislocated Worker:</b>		
Entered Employment Rate	34	29
Employee Retention Rate	27	20
Average Earnings	35	34
<b>Youth:</b>		
Employment/Education Placement Rate	33	35
Youth Degree/Credential Attainment Rate	2	4
Youth Literacy/Numeracy Gains	7	5
<i>Source: Pennsylvania rankings obtained from USDOL website. We did not perform procedures to validate underlying data of the USDOL, and therefore, this data is of undetermined reliability as noted in Appendix A. However, this data is the best data available. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our finding and conclusions.</i>		

Pennsylvania's performance ranked in the middle to low-middle of all 50 states for most WIA performance measures. With the current competitive environment for workers, Pennsylvania must do better and strive to be a leader moving forward under WIOA.

### **A lack of programs to assist older workers (55 years and older) to update their skill sets to re-enter the workforce.**

As shown in the following table, older workers, meaning 55 years and older, make up a significant portion of Pennsylvania's labor force, comprising over 25 percent of the Commonwealth's workers. Additionally, older workers make up more than 20 percent of the Commonwealth's total unemployed workers in the most recent fiscal year ended June 30, 2018, as shown in the table below. Older workers are generally viewed as reliable, loyal workers with

<sup>47</sup> USDOL website <<https://www.doleta.gov/performance/Charts/>> (accessed June 12, 2018).

<sup>48</sup> The WIA was replaced by the current WIOA, effective July 1, 2016, including performance measures to be reported. See further details in the Introduction and Background Section of this audit report.

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well-established critical thinking, leadership, teamwork, and communication skills. With the proper education and/or training to match employers' job needs, these persons can be a valuable part of Pennsylvania's workforce.

Pennsylvania Labor Statistics (July 2014 to June 2018)									
Year	Total PA Labor Force	PA Labor Force (Age 55+)	% of PA Labor Force Aged 55+	Total PA Employment	PA Employment (Age 55+)	% of PA Employment (Age 55+)	Total PA Unemployment	PA Unemployment (Age 55+)	% of PA Unemployment (Age 55+)
2014-2015	6,407,366	1,572,900	24.5%	6,056,583	1,515,300	25.0%	350,783	57,500	16.4%
2015-2016	6,442,138	1,618,800	25.1%	6,102,123	1,559,500	25.6%	340,014	59,300	17.4%
2016-2017	6,443,865	1,660,400	25.8%	6,107,439	1,589,500	26.0%	336,426	70,900	21.1%
2017-2018	6,402,847	1,624,800	25.4%	6,100,290	1,563,000	25.6%	302,557	61,700	20.4%

*Source: Pennsylvania Labor Statistics taken from the US Bureau of Labor Statistics. Age 55 and older statistics provided by L&I. We did not perform procedures to validate labor statistics provided by L&I or underlying data that L&I provides to the U.S. Bureau of Labor Statistics, and therefore, this data is of undetermined reliability as noted in Appendix A. However, this data is the best data available. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our finding and conclusions.*

With the volume of older workers in Pennsylvania's labor force, part of our second audit objective is to determine if Pennsylvania's workforce development system has appropriate directives, policies, and procedures to effectively provide services to assist older and/or displaced workers by updating their skill sets to re-enter the workforce. We found the only existing program specifically designed to assist older workers is the federal Senior Community Service Employment Program (SCSEP) which is administered by the Pennsylvania Department of Aging. The SCSEP promotes part-time community service opportunities for unemployed low-income persons who are age 55 or older and have poor employment prospects, but these part-time, lower wage jobs are difficult to support self- or family-sufficiency.

There are federal WIOA programs in place to provide employment and educational services to adults in general and assistance with training and reemployment of dislocated workers who are laid off or are going to be laid off; however, these programs within the workforce development system are not specifically aimed at assisting adults 55 years and older.<sup>49</sup> Under the former WIA, older workers were not specifically classified or tracked, but we found that under the new WIOA, older workers are considered a group with barriers to employment. The current state plan goals establish career pathways for skill, credential, and degree attainment for all Pennsylvanians, with emphasis to be made for providing access and services to those with barriers to employment. What this means is that within the current WIOA programs serving adults, job seekers with barriers to employment, such as an older worker, are to be prioritized to the maximum extent possible by providing support services and offering appropriate career pathways to employment.

<sup>49</sup> See further details regarding the SCSEP, along with the WIOA Title I Adult Program, WIOA Title I Dislocated Worker Program, and WIOA Title II Adult Basic Education Program, in Appendix B of this audit report.

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Groups with barriers to employment are currently being separately tracked and reported under the established WIOA performance measures currently in place. As previously stated, however, program performance under the WIOA has only begun to be reported to the USDOL in October 2018 and at this point is being used to establish a baseline for what is good performance.

Therefore, it is too early to evaluate whether giving older workers priority as individuals with barriers to employment, without establishing any specific programs to assist beyond the SCSEP, will adequately serve such a significant portion of Pennsylvania's workforce. The adequacy of services for older workers should be closely measured, evaluated, and monitored. The state board should be proactively considering additional services and/or programs specifically designed for older workers to update their skill sets and re-enter the workforce.

### **Other critical areas impacting workforce development should be addressed by the state board, including drug issues and available public transportation.**

As part of our survey of the state workforce development board members and executive directors of local development boards, we inquired as to what are the most important challenges currently facing Pennsylvania's workforce development system. Beyond the issues already identified in this finding and Finding 1, state board members and local executive directors frequently noted workers having drug issues and a lack of public transportation. These issues cause additional barriers to employment that need to be addressed by the board.

#### ***Opioid and Other Drug Issues***

Based on responses we received from our surveys of state board members and local board executive directors, along with interviews of business representatives from the Pennsylvania Chamber, drug issues, and specifically workers who cannot pass a drug test, are a significant barrier to employment and impede employers' ability to fill needed job openings. A report from the U.S. Senate Committee on Health, Education, Labor and Pensions shows that the opioid drug epidemic in 2016 cost Pennsylvania more than \$53.77 billion.<sup>50</sup>

The Department of the Auditor General released three performance audits on July 13, 2017, of the Pennsylvania Department of Corrections (DOC), Department of Human Services (DHS), and Department of Drug and Alcohol Programs (DDAP) within the context of the opioid epidemic in Pennsylvania. These audits included a total of six findings and 21 recommendations for improvements. More specifically, we found in these audits that:

- The DOC operated seven types of in-house programs to help individuals with addiction to learn to live without the substances. However, we found that only one of the treatment

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<sup>50</sup> Report: Opioid epidemic costing Pa. nearly \$54B. The Daily Review. (May 9, 2018). [https://www.thedailyreview.com/news/local/report-opioid-epidemic-costing-pa-nearly-b/article\\_3d8a4afb-9506-5796-9fa3-177d8eb91ae8.html](https://www.thedailyreview.com/news/local/report-opioid-epidemic-costing-pa-nearly-b/article_3d8a4afb-9506-5796-9fa3-177d8eb91ae8.html).

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programs was routinely monitored for effectiveness and that this monitoring was limited to effectiveness at reducing recidivism, not reducing substance abuse.

- The DHS has established initial measures for evaluating the effectiveness of a new initiative in the Commonwealth's efforts to combat the opioid epidemic, called Centers of Excellence (COE); however, the DHS did not have procedures to ensure the accuracy and completeness of the data collected. COE facilities seek to connect those Pennsylvanians who are struggling with opioid addiction with the necessary behavioral and medical treatment supports.
- The DDAP, which was suffering from chronic understaffing and under funding, focused its efforts on monitoring drug-treatment providers for compliance with regulatory standards, rather than developing tools to coordinate multi-agency efforts and accurately measure effectiveness of treatment efforts.

Implementation of our recommendations can help the Commonwealth fight this epidemic and may prove useful in workforce management.

Further, in January 2018, Governor Tom Wolf took a step forward in bolstering the fight against heroin and opioid addiction by signing a statewide disaster declaration to enhance state response, increase access to treatment, and save lives. The declaration is the first-of-its-kind for a public health emergency in Pennsylvania and will utilize a command center at the Pennsylvania Emergency Management Agency to track progress and enhance coordination of health and public safety agencies.<sup>51</sup>

The opioid and drug epidemic is a serious on-going issue in Pennsylvania which creates barriers and challenges to the workforce development system. On July 24, 2018, the USDOL announced that L&I would receive nearly \$5 million via the Opioid National Health Emergency Dislocated Worker Demonstration Grant to provide employment, training, and career services to individuals impacted by the opioid epidemic with a plan to return to work. The three major strategies to be implemented by this grant are:<sup>52</sup>

- Integrate treatment and employment services and offer training programs addressing soft-skills, case management, and career planning. This also includes plans to develop a mobile application, linking people to workforce and support resources.
- Increase the number of certified recovery specialists.

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<sup>51</sup> Governor Wolf Declares Heroin and Opioid Epidemic a Statewide Disaster Emergency. Governor's Press Office. (January 10, 2018); <https://www.governor.pa.gov/governor-wolf-declares-heroin-and-opioid-epidemic-a-statewide-disaster-emergency/>.

<sup>52</sup> <[https://www.doleta.gov/DWGs/National-Health-Emergency-Grants/eta\\_default.cfm](https://www.doleta.gov/DWGs/National-Health-Emergency-Grants/eta_default.cfm)> (accessed December 21, 2018).

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- Educate and engage employers that support individuals' recovery. These participating employers will be willing to hire and work with people in recovery.

We did not review or evaluate workforce activities related to this grant due to its recent occurrence; however, the opioid epidemic and its effects on the state's workforce development system will continue and should therefore be actively addressed by the state board, including evaluation of the effectiveness of services provided by this new grant.

#### *Available Public Transportation*

While not directly related to the workforce development system, transportation capacity, in particular public transit access, can also be a barrier to job seekers and employers. Job seekers who need public transportation are limited as to where they can apply for employment. Additionally, employers may not expand to locations that do not have public transportation services. In response to our survey, we found many state and local board members indicated that there are transportation issues and challenges throughout the state. The state board should address these public transportation challenges impacting the state workforce development system, including interagency coordination, to help alleviate this barrier to workforce development. Examples may include agreements with Uber, Lyft, and local taxi companies for lower fixed price rides when used on a regular basis.

#### **Recent movement in addressing workforce development issues, including the implementation and expansion of new initiatives and programs.**

With Pennsylvania's state workforce development system showing only mediocre performance compared to other states under the WIA; businesses reporting that it is difficult to fill their workforce needs with applicants having the necessary education, training, and skills; and businesses anticipating that it will become more difficult to recruit qualified and skilled applicants in the years to come, Pennsylvania's workforce development system needs to be improved. This situation has not just recently materialized, it has been in existence for years. We have seen recent movement being made in an attempt to address gaps in state workforce development, but again this movement is occurring nearly two years after the current state plan was implemented on July 1, 2016. Nevertheless, this recent movement is positive, but more is needed.

In the fall of 2017, the Governor established a task force to gain the perspective of students, workers, and business communities throughout Pennsylvania regarding workforce development. The task force concluded that "Pennsylvania's public education and workforce development systems must work together to provide relevant and affordable services and supports to all students and workers of all ages, prioritize outcomes, and align to 21<sup>st</sup> century business needs." This led to the Governor proposing the new PAsmart initiative in his 2018-2019 Executive Budget.

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The 2018-2019 enacted legislation included \$30 million for this PAsmart initiative. PAsmart is intended to be a new approach to education and workforce development to help Pennsylvanians develop skills and abilities they need to obtain a quality job, help businesses recruit skilled workers, and foster economic growth. This funding included:

- \$20 million for a new Computer Science and STEM Education Program.
- \$7 million for a new Registered Apprenticeship and Pre-Apprenticeship Program.
- \$3 million to expand the already existing Next Generation Industry Partnerships Program.

#### ***Computer Science and STEM Education Program***

The STEM Educational Program is intended to equip students with knowledge and skills to enter a workforce and be successful in a tech-driven, global economy. This is an area expected with significant job growth over the next 10 years with most new jobs requiring computer science skills. Additionally, PDE reports on its informational website regarding STEM that there are currently 17,000 unfilled computer science and software development jobs in Pennsylvania.<sup>53</sup>

#### ***Registered Apprenticeship and Pre-Apprenticeship Program***

The Registered Apprenticeship and Pre-Apprenticeship Program combines on-the-job training with related structured occupational instruction so that apprentices can learn the practical and conceptual skills required for skilled occupations, craft, or trade. The expectation is a highly skilled, more productive workforce with reduced turnover rates. This is a critical area of need in the state workforce development system as discussed earlier in this finding. We commend this initiative and believe the governor and state board should continually look for additional opportunities to partner and work with trade organizations to expand skilled trade apprenticeship programs throughout the state.

#### ***Next Generation Industry Partnerships***

In 2005, Pennsylvania introduced industry partnerships as a way for employers to train workers for their specific needs and for workers to gain necessary training to move ahead in their careers. An industry partnership is a multi-employer collaborative effort that brings together management and labor around the common purpose of improving the competitiveness of a cluster of companies or organizations producing similar products or services and sharing similar supply chains, critical human resource needs, infrastructure requirements, business services, and/or retention/recruitment challenges. However, as previously discussed, Pennsylvania's workforce development system was not meeting the needs of employers for qualified, skilled workers.

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<sup>53</sup> <<https://www.education.pa.gov/Pages/STEM-Competition.aspx>> (accessed December 11, 2018).

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In 2017, Pennsylvania transitioned to the Next Generation Industry Partnerships to better coordinate and align workforce, education, economic development, and other public and community organizations to support an industry within a region. As a result, next generation sector partnerships throughout the commonwealth were launched, which support activities that increase the competitiveness of employer partners, while also creating more jobs that pay.

Next Generation Sector Partnerships are partnerships of businesses, from the same industry and in a shared labor market region, who work with education, workforce development, economic development, organized labor, and community organizations to address the workforce and other competitiveness needs of the targeted industry. Next Generation Sector Partnerships are employer-driven and put business at the center of the table. This leads to business driving the agenda of the partnership, not public partners (e.g., workforce development, economic development, education, etc.). This does not mean that public partners do not play a role in a Next Generation Sector Partnership. Once business determines the priorities of the partnerships, public partners from workforce development, economic development, education and others work together to convene and support these priorities. Since Next Generation Sector Partnerships are organized around the topics that impact business leaders most, they are expected to be sustainable over time.

The enacted 2017-2018 budget included \$1.813 million for the Next Generation Partnerships. PAsmart expanded the program with an additional \$3 million in 2018-2019, providing a total of \$4.813 million in funding. In June 2018, L&I management stated that the awarded partnerships for 2017-2018 funding had just recently been launched. Next Generation Industry Partnerships focus on priority issues determined by industry at the launch meeting, which may include workforce development but can also include other issues (e.g., marketing industry, transportation and infrastructure, connecting with K-12, etc.). Since these partnerships have only recently launched, there have not been any training program participants as of June 2018, although many partnerships have identified workforce development as a priority and therefore, funds are prioritized to be utilized for workforce and training opportunities.

### **Conclusion**

Due to the recent timing of the new PAsmart initiative and implementation of the respective programs, it is too early for us to evaluate these programs as part of this audit. We have noted per review of the state board minutes for its August 15, 2018, meeting and briefing book for its October 23, 2018, meeting that performance measures to evaluate these new programs are being developed. We acknowledge the importance of this positive and critical step. The effectiveness of these new programs need to be closely monitored and evaluated to ensure the goals of the programs are being met and are aligned with meeting the goals set forth in the state plan and the Governor's strategic vision, ultimately meeting needs of employers to fill jobs with qualified, skilled workers now and into the future.

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Overall, the state board needs to be the driver of policy, as well as interagency and local coordination to ensure alignment of workforce development resources. Appropriate workforce data analysis, including employers' current and future needs, as well as evaluation of program effectiveness using relevant measures, is vital to keep the system accountable and to ensure success in meeting the needs of business and workers alike. This in turn will encourage strong economic growth and development for Pennsylvania.

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### Recommendations for Finding 2

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We recommend that the Pennsylvania Workforce Development Board:

1. Track and evaluate progress of implementing and effectively meeting the goals of the state's workforce development plan utilizing the performance measures already developed.
2. Develop additional performance measures in order to monitor and measure implementation of the state plan, workforce development program results, and identify areas of improvement to ensure needs of employers and workers are being met. Consider reaching out to local development boards and business partners for ideas.
3. Develop mechanisms to track and evaluate progress on the additional performance measures developed pursuant to Recommendation #1.
4. Develop policy recommendations and advocate for the strengthening and integration of soft-skills curriculum into education and training programs.
5. Provide technical assistance on developing and enhancing soft-skills training, benchmarking, and assessment.
6. Implement more projection modeling to project where the jobs of the future will be and what fields need jobs the most, including surveying employers of their needs and perspective of candidates' job readiness in growing industries on a routine basis.
7. Continue to expand and promote ways to train workers in needed skilled trades to fill employers' needs.
8. Continually work with trade organizations and unions to expand skilled trade apprenticeship programs.

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9. Seek the assistance of, or work collaboratively with, the Pennsylvania Chamber of Business and Industry in developing and implementing solutions to better identify needs of employers and improvements needed to the state workforce development system.
10. Lead and be a catalyst in “rebranding” how people think about careers in skilled trades and technical training programs versus college education, including better coordination, communication, and information sharing to get this message out to students at an early age.
11. Ensure appropriate performance measures are implemented and performance is evaluated for programs that are part of the new PAsmart initiative, including the Computer Science and STEM Education Program, Registered Apprenticeship and Pre-Apprenticeship Program, and Next Generation Industry Partnerships, to ensure these programs are effective in meeting goals for the state workforce development system.
12. Closely evaluate and monitor whether existing WIOA programs are adequately serving the needs of older workers over 55 years of age, who are now given extra priority as individuals with barriers to employment, to update their skill sets and re-entered the workforce with these individuals. Based on results of this evaluation, consider implementing additional services or programs specifically for older workers.
13. Actively address the effects of the opioid epidemic on the state workforce development system, including evaluating the effectiveness of services provided under the new Opioid National Health Emergency Dislocated Worker Demonstration Grant.
14. Actively address other critical areas that impact and become barriers to workforce development, such as the ability of workers to pass employer drug screening and availability of public transportation.

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#### **Agencies' Response and Auditor's Conclusion**

We provided copies of our draft audit findings and related recommendations to the Pennsylvania Workforce Development Board and Governor's Office for their review. On the pages that follow, we included the Pennsylvania Workforce Development Board's and Governor's Office's response in its entirety. Following the agencies' response is our auditor's conclusion.

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## Audit Response from the Pennsylvania Workforce Development Board and Governor's Office

*Finding 1: Stronger commitment and more effective oversight of interagency coordination are needed by PA WDB to ensure the Governor's vision and goals addressing the challenges of Pennsylvania's workforce development system are met.*

#### Agencies' Response

The PA WDB and L&I have been taking initiative and making significant progress in improving inter-agency coordination to support the continuous improvement of the workforce development system, including embracing the recommendations of the NGA report on Building a High-Performing State Workforce Board: A Framework and Strategies for States.

As of January 2018, the PA WDB has been led by a new Executive Director and Deputy Director. This new leadership has made significant operational and managerial changes to improve the overall effectiveness and accountability of the PA WDB, including re-vamped Quarterly Meetings, committees, and engagement with board members, state leaders, and other workforce development partners. Executive Order 2018-04 also changed the reporting relationship of the PA WDB Executive Director, who now dual-reports to the Governor's Office and Secretary of Labor & Industry.

By ignoring the PA WDB sub-committee activity and inter-agency activity, this report omits a significant amount of state agency commitment and collaboration. Multiple agencies participate on multiple WDB sub-committees. The PA WDB provides the following list of efforts as examples in developing program guidelines to guarantee local provider collaboration between workforce and economic development help ensure there is no duplication of state resources:

- DCED: WEDnetPA training program, PA Manufacturing Training to Career, Pre-Apprenticeship/Apprenticeship Funding for Businesses and L&I Apprenticeship, Next Generation Industry Partnerships, Engage!
- PDE: PAsmart investment, career readiness, basic skills development, work-based learning opportunities for youth, and collaboration with L&I on the following grant programs: Teacher in the Workplace and Business Education Partnerships.
- DHS: TANF and WIOA Youth, EARN and Work Ready programs, career pathways development, OVR and L&I related to serving individuals with disabilities
- DOC: Career pathways and other re-entry initiatives, training for CareerLink® staff and partners
- Aging: Senior Community Service Employment Program, WIOA Adult and Dislocated Worker 55+
- PennDOT: Automated vehicles, van pool and ride share initiatives, expanding access to transportation and transit generally
- DMVA: Veterans employment programs

#### RECOMMENDATIONS

1. Encourage the Governor to speak at a minimum of one state board meeting and a minimum of one statewide meeting on his strategic vision and goals of the state workforce development system and to achieve its mission, including the importance of this endeavor and significance of the state board's commitment and leadership.

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#### Agencies' Response

- Governor is a PA WDB member and is always invited to attend each PA WDB Quarterly Meeting.
  - When unable to attend, the Governor always has a representative attending Quarterly Meetings and providing updates on the Governor's strategic vision for workforce development and goals.
2. Chairperson should address state board members regarding the importance of the board and their commitment at a minimum of one of the state board meetings and ensure that an orientation session, including information on the Workforce Innovation and Opportunity Act (WIOA) and the current state plan, is held for any new member and/or proxy promptly after the member takes his seat on the board.

#### Agencies' Response

- Chairman Brown, who assumed the position as chair in late 2017, consistently thanks board members for their participation and encourages meeting attendance. The PA WDB restructured and relaunched its committees, and re-vamped Quarterly Meeting agendas to encourage increased participation.
  - PA WDB bylaws will be updated to clarify members are expected to attend all Quarterly Meetings.
  - PA WDB has been holding new-member orientation sessions after each Quarterly Meeting. PA WDB also schedules one-on-one briefings with all new members, connects them directly to their LWDB, and has updated the new member orientation handbook.
3. Articulate and communicate the Governor's strategic vision and goals to state agencies and local workforce development boards through a statewide meeting and/or other individual meetings with all the respective agencies.

#### Agencies' Response

- The Governor's strategic vision and goals for workforce development (that state agencies and other workforce stakeholders assisted in developing) are the basis for the WIOA Combined State Plan and on PA WDB website. PA WDB shares this vision at all public presentations and at internal meetings.
- PA WDB has requested a session at the PWDA 2019 spring conference focused on workforce development system visioning and feedback on the WIOA Combined State Plan goals.
- In November 2016, PA WDB collaborated with the U.S. Department of Labor (USDOL) contracting with outside vendor Maher Maher to host a workforce development system visioning session with members.

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4. Ensure all workforce development activities are aligned to meet the strategic vision and goals outlined in the state plan.

Agencies' Response

- Everything the PA WDB does supports the strategic vision and goals of the WIOA Combined State Plan, including re-aligning PA WDB committees to the five broad goals and all Quarterly Meeting agenda items.
- In addition to the WIOA Combined State Plan Implementation Workplan, the PA WDB Continuous Improvement Committee is also developing an Implementation Dashboard. Both initiatives will articulate and track progress in implementing these goals and strategies.
- Starting in January 2019, PA WDB is also re-convening the Interagency Workgroup to allow cabinet Secretaries to provide strategic guidance related to PA WDB priorities and ensure all initiatives align with strategic vision and goals.
- DCED, DHS, PDE, and Ag have staff dedicated to workforce development, who liaise with other agencies on behalf of – and report back to – their secretary. In addition, DHS holds monthly cross-agency meetings with L&I, PDE, DCED and other agencies to identify areas of collaboration or need for interagency solutions to workforce initiatives.
- In addition, Executive Order 2018-04 emphasizes the Governor's overall priority for interagency collaboration and effectiveness across agencies and programs.

5. Take all necessary steps to fully recognize, understand, and conceptualize the Governor's strategic vision and goals outlined in the state plan to ensure they are properly considered and included in the development of the work plan for implementation of the state plan.

Agencies' Response

- Everything the PA WDB does is in support of the WIOA Combined State Plan's vision and goals. This is inherently part of our operations and incorporated into every initiative.
- Based on the State Plan, local boards develop regional and local plans that align state goals and strategies with local needs.

6. Finalize development of the work plan for implementation of the state plan in Recommendation #5, including goal tracking spreadsheets to enable monitoring of interagency responsibilities, timelines, and progress of meeting the plan goals.

Agencies' Response

- PA WDB member secretaries met to discuss finalizing the implementation plan, and PA WDB will use the Interagency Workgroup to finalize and start implementation.
- This Workplan and subsequent Dashboard will articulate and track progress in implementing these goals and strategies.

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7. Implement the state implementation plan immediately upon completion and update the goal tracking spreadsheets regularly, at least for each quarterly state board meeting.

Agencies' Response

- PA WDB will use the Interagency Workgroup to do this by requesting regular updates from agencies on progress in meeting WIOA goals and strategies. Any concerns will be elevated to Governor's Office and PA WDB cabinet secretaries.

8. Utilize the Interagency Workgroup to provide coordination and input into achieving state agency initiatives and goals as outlined in the state plan.

Agencies' Response

- Starting in January 2019, PA WDB is also re-convening the Interagency Workgroup to start updating the WIOA Combined State Plan.

9. Require the Interagency Workgroup to formally document its meetings, activities, and results, and present their results during regular state board meetings.

Agencies' Response

- As with all meetings, PA WDB will develop written summaries after each Interagency Workgroup meeting.
- The L&I Deputy Secretary for Workforce reports out on workforce development initiatives at PA WDB Quarterly Meetings, including the prior work of the Interagency Workgroup. Moving forward, all PA WDB agencies will have report-outs at Quarterly Meetings.

10. Require participation and input from all respective member state agency heads or representatives in the establishment of agendas and/or methods of presentations at the state board meetings.

Agencies' Response

- Starting at the PA WDB February 2019 Quarterly Meeting, all member agencies will provide a written workforce update and present it in-person.
- PA WDB does consult member agencies on the Quarterly Meeting agenda.
- PA WDB attendance records show representation from all agencies at nearly every meeting to date.
- The Departments of Aging and Corrections were just added to the PA WDB in June 2018.

11. Encourage attendance and engagement by all state board members on a continuing basis.

Agencies' Response

- PA WDB does this, including reaching out to each member by email and phone before every Quarterly Meeting to encourage attendance.
- Included a continuous improvement survey for members at the May 2018 and August 2018 Quarterly Meetings with feedback on agenda content and structure.

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- Going forward, the PA WDB will take roll at each Quarterly Meeting.
12. Obtain representation and consider input from local workforce development boards in making decisions on statewide workforce policy and programs.

#### Agencies' Response

- At least one PA WDB member serves on an LWDB. Adding an additional member to the PA WDB would require adding several more members to meet the mandated membership ratios for state boards required under WIOA (i.e., majority business; at least 20% labor, community-based organizations, youth, and education).
- Each local board develops a local workforce plan, and then works with all other boards in the area to develop a regional plan that delineates how they will deliver services with all local partners in the area. These are developed in conjunction with the state plan, so that all align together and are working toward achieving the same goals.
- LWDBs historically have not been a member of the PA WDB so as not to create a conflict of interest given PA WDB policies and the WIOA Combined State Plan directly impact LWDBs. Further, because LWDBs bid on contracts put out by WDB member agencies, there must be a clear delineation that wouldn't prohibit LWDBs bidding on those contracts, or creating a budgetary conflict of interest (or the appearance of such). LWDBs are engaged generally in as a key stakeholder in all state workforce development initiatives and outreach.
- The PA WDB has directly engaged LWDBs in the following ways:
  - Visited all 22 LWDB offices between April and September 2018
  - Established a direct line of communication between the Board and LWDBs, including surveying LWDBs on relevant issues prior to Quarterly Meetings.
  - A standing invitation is in place for certain LWDBs to present at every PA WDB Quarterly Meeting. Will also invite other workforce development partners.
  - 
  - Given PA WDB meetings are all open to the public, LWDBs and the PA Workforce Development Association (PWDA), actively attend and participate in Quarterly Meetings.
  - Attends PWDA Board Meetings and Policy Committee meetings, when invited, and participated in/presented at PWDA conferences.
  - Engages LWDBs on a regular basis, either by directly reaching out to LWDBs or contacting PWDA, on specific workforce development policy issues.
  - Participates in a coordinated monthly workforce virtual meeting/conference call composed of local board executive leaders and representatives from each of the workforce deputate bureaus in order to exchange ideas, information, issues, and key action items raised.
  - Invited LWDB representatives to serve on PA WDB committees.

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- o A monthly call with L&I-Workforce, Unemployment Compensation, LWDBs, and representatives from PWDA is being held.

**Finding 2: Pennsylvania's workforce development system is not meeting the needs of employers and is showing mediocre performance compared to other states. While new initiatives are being implemented, more improvement is necessary to prepare students and current job-seekers with necessary training and skills to fill job needs and enhance Pennsylvania's economic competitiveness.**

#### Agencies' Response

Disagree with this finding. The workforce development system is always working to improve efforts to meet the needs of our business customers, exemplified by intensive and intentional collaboration among all partner agencies including the Departments of Community and Economic Development, Education, Human Services, and Labor & Industry.

The WIA performance measures used by the Auditor General's office are outdated, and don't accurately reflect the current state. WIA performance tracked entered employment; now retained employment is tracked. This change is important to Pennsylvania, because we've had a strong focus for years on upskilling current workers so they can retain their jobs and move up, a critical factor with the fast pace of automation in the workplace. WIA did not track performance in this area, but WIOA now does.

The workforce challenges Pennsylvania faces exist across the country, and are the subject of national studies to determine how best to address the needed paradigm shift through a combination of policy, education, and business restructuring. All workforce partners are interested in exploring the nature of Pennsylvania's unemployment rate and how it can be best addressed. Some agencies have or are surveying workforce system *users* to improve their overall experience and ensure optimal outcomes for them.

Even so, the PA workforce development system makes a concerted effort by assisting local areas in a variety of ways. A total of \$96,581,168 federal dollars was allocated to LWDBs through federal formula funding for FY18. L&I actively works to draw down additional competitive federal workforce development grants that can be made available to Local Workforce Development Areas (LWDAs), provide funding through WIOA statewide activity funds, through partnership with other state agencies, and offering workforce development grants through state funding. In FY18, \$61.1 million was awarded:

- \$5 million Opioid Grant (USDOL) to four LWDBs: Central, Philadelphia, Southwest Corner and Westmoreland/Fayette.
- \$8 million Trade and Economic Transition National Dislocated Worker Grant (USDOL)
- \$1.8 million State Apprenticeship Expansion Grant (USDOL) to develop a system of registered apprenticeships and pre-apprenticeships aimed at bringing employers and job seekers together around in-demand and high-priority occupations.
- \$25 million Temporary Assistance to Needy Families for 23 LWDAs to facilitate a robust year-round program for youth and young adults who are most in need.
- \$2.5 million Teacher in the Workplace Grants (WIOA) to the education community so that teachers in the post-secondary arena can create a career-focused curriculum aimed at developing a pipeline for the workforce of tomorrow.

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- \$4.4 million State/Local Internship Program for 23 LWDA's to create, build, and support summer internships across Pennsylvania.
- \$2.6 million Business Education Partnership Grants (WIOA) to a diverse group of educational partners, community-based organizations, and workforce entities focused on bringing business and education together to create a synergistic approach to offering more lucrative opportunities for Pennsylvania's citizens.
- \$7 million PAsmart Apprenticeship (awards pending).
- \$4.8 million Next Generation Industry Partnerships (awards pending) to build off Pennsylvania's nationally-recognized industry partnership model, which allows employers within a variety of industries to identify common issues and develop positive solutions; engages multiple partners that make up the public workforce system.

#### RECOMMENDATIONS

1. Track and evaluate progress of implementing and effectively meeting the goals of the state's workforce development plan utilizing the performance measures already developed.

##### Agencies' Response

- In addition to the WIOA Combined State Plan Implementation Workplan, the PA WDB Continuous Improvement Committee also is developing an Implementation Dashboard. Both initiatives will articulate and track progress in implementing these goals and strategies.
- Pennsylvania has been recommended by the USDOL to participate in three different national cohorts because of its success in implementing WIOA, including a current multi-state research project with Mathematica Research, as a national leader in WIOA implementation.

2. Develop additional performance measures in order to monitor and measure implementation of the state plan, workforce development program results, and identify areas of improvement to ensure needs of employers and workers are being met. Consider reaching out to local development boards and business partners for ideas.

##### Agencies' Response

- All metrics are listed in the WIOA Combined State Plan (i.e., business engagement, retention).
- The Implementation Dashboard currently under development will include a variety of measures beyond the WIOA Common Measures, and will incorporate all workforce development partners.
- WDB member agencies work closely with DHS's Centers of Excellence regarding performance and outcomes.

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3. Develop mechanisms to track and evaluate progress on the additional performance measures developed pursuant to Recommendation #1.  
Agencies' Response
  - In addition, PA WDB adopted statewide metrics to quantify the impact of the Next Generation Industry Partnerships grants and added an Employer Engagement metric under WIOA.
  - PA WDB also will develop metrics to measure the impact of PAsmart.
  
4. Develop policy recommendations and advocate for the strengthening and integration of soft-skills curriculum into education and training programs.  
Agencies' Response
  - PA WDB Youth Committee is currently developing a definition of Career Readiness (WIOA Goal 1.10).
  - Several PA WDB initiatives with other state agencies support soft-skills development, including Next Generation Industry Partnerships, Teacher in the Workplace, and Business Education Partnership, State and Local Internship Partnership (SLIP), and Outdoor Corps in partnership with DCNR.
  - PA WDB aligns its work with education initiatives, including the Future Ready PA Index, K-12 Career Readiness Plans, and reauthorization of the federal Perkins Career and Technical Education Act.
  - Soft skills are imbedded into every training program and grant.
  - LWDBs offer soft-skills training based on business/industry needs in their region.
  
5. Provide technical assistance on developing and enhancing soft-skills training, benchmarking, and assessment.  
Agencies' Response
  - In addition to the WIOA Combined State Plan Implementation Workplan, the PA WDB Continuous Improvement Committee is also developing an Implementation Dashboard. Both initiatives will articulate and track progress in implementing these goals and strategies.
  - The PA WDB's role is developing policy recommendations. PA WDB initiatives with other state agencies support soft-skills development, including Next Generation Industry Partnerships, Teacher in the Workplace, and Business Education Partnership. For example, Teacher in the Workplace requires participants to update their district on what they learned from the local businesses, and implement soft skills in their curricula.
  - PA WDB Youth Committee is currently working with stakeholders to develop a definition of career-readiness, and will continue to engage stakeholders on the importance of not only soft-skills but also basic skills such as high school equivalency and adult basic education (e.g., basic math, reading, and writing).
  - LWDBs offer soft-skills training based on business/industry needs in their region.

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6. Implement more projection modeling to project where the jobs of the future will be and what fields need jobs the most, including surveying employers of their needs and perspective of candidates' job readiness in growing industries on a routine basis.

#### Agencies' Response

- CWIA has started using new methods to more accurately reflect dynamics in the labor market, including employer surveys that augment the national Occupational Employment Statistics (OES) program data. CWIA has engaged LWDBs to request assistance in getting employers to complete the surveys, and to provide local and regional perspective on the labor market data generated by CWIA.
- The analysis derived from the most current data provided by CWIA forms the launching pad by which regional and local planners develop their strategic and operation plans. Such data includes high-priority and in-demand information for current and emerging occupations and industries. One of the most basic services provided throughout Pennsylvania's workforce delivery system is the sharing of this data with both employers and job seekers.
- CWIA's data analysis capabilities are limited to the data it can access, especially regarding job projections and vacancies. There are no reporting requirements for employers to share information on their job vacancies or postings.

7. Continue to expand and promote ways to train workers in needed skilled trades to fill employers' needs.

#### Agencies' Response

- Most recently, the PA WDB has led the PAsmart initiative, a new strategic approach to workforce development.
- In addition to aligning public workforce development programs and initiatives, PAsmart also included a \$30 million grant program to support Computer Science and STEM education, Next Generation Industry Partnerships, and Pre-Apprenticeships and Registered Apprenticeships.

8. Continually work with trade organizations and unions to expand skilled trade apprenticeship programs.

#### Agencies' Response

- PA WDB supports the skilled trades and careers that don't require a four-year college degree in a variety of ways, including:
  - Learning from PA WDB members in labor, skilled trades, and manufacturing
  - PAsmart
  - Partnering with the Apprenticeship and Training Office on expanding Pre-Apprenticeship and Registered Apprenticeship
  - Next Generation Industry Partnerships
  - Teacher in the Workplace
  - Business Industry Partnership

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9. Seek assistance of, or work collaboratively with, the Pennsylvania Chamber of Business and Industry in developing and implementing solutions to better identify needs of employers and improvements needed to the state workforce development system.

#### Agencies' Response

- PA WDB member agencies meet with the PA Chamber regularly to identify areas in which to partner.
- PA Chamber has several representatives on PA WDB Re-entry Ad Hoc Committee and will be partnering on re-entry initiatives.
- CWIA helped the PA Chamber develop questions for its survey of two years ago, and is looking to partner with them on future projects.

10. Lead and be a catalyst in “rebranding” how people think about careers in skilled trades and technical training programs versus college education, including better coordination, communication, and information sharing to get this message out to students at an early age.

#### Agencies' Response

- PA WDB member agency partners have traveled to CTCs and apprenticeship providers and placed workforce videos on social media, all of which share the rebranding message.
- Federal workforce resources cannot be used for marketing and advertising, but PA WDB has taken on various initiatives to support the skilled trades. WDB member agencies have been highly involved in each of the following initiatives, promoting heavily to their respective audiences:
  - PAsmart
  - Partnering with the Apprenticeship and Training Office on expanding Pre-Apprenticeship and Registered Apprenticeship
  - Next Generation Industry Partnerships
  - Teacher in the Workplace
  - Business Industry Partnership

11. Ensure appropriate performance measures are implemented and performance is evaluated for programs that are part of the new PAsmart initiative, including the Computer Science and STEM Education Program, Registered Apprenticeship and Pre-Apprenticeship Program, and Next Generation Industry Partnerships, to ensure these programs are effective in meeting goals for the state workforce development system.

#### Agencies' Response

- All apprenticeship grant tracking is done through RAPIDS system.
- The PA WDB will be developing metrics to measure the impact of the PAsmart grants.

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12. Closely evaluate and monitor whether existing WIOA programs are adequately serving the needs of older workers over 55 years of age, who are now given extra priority as individuals with barriers to employment, to update their skill sets and re-enter the workforce. Based on results of this evaluation, consider implementing additional services or programs specifically for older workers.

#### Agencies' Response

- WIOA and PA WDB focus on policy recommendations to eliminate all barriers to employment, including older individuals. Barriers to employment include veterans and eligible spouses, disabled individuals, English language learners, migrant and seasonal farm workers, out-of-school youth, ex-offenders, public assistance recipients, runaway/current or former foster care youth, homeless individuals, pregnant and parenting youth, long-term unemployed, low income workers, basic skills deficient individuals, and over 55 individuals.
- Participant Individual Record Layout (PIRL) in WIOA tracks programs for older individuals, defined as 55+.
- LWDBs offer training geared to older populations, especially in relation to technology.
- See full chart in *Figure 5* below regarding 55+ age group statistics showing that although unemployment is rather high (21.6%), but so is employment (25.7%), while unemployment for 16-24-year-olds is equally high (at 25.4%), but employment is only 12.5%. Some of the barrier populations aren't reflected in unemployment data, because those individuals haven't filed for unemployment (i.e., reentry, out-of-school youth).

13. Actively address the effects of the opioid epidemic on the state workforce development system, including evaluating the effectiveness of services provided under the new Opioid National Health Emergency Dislocated Worker Demonstration Grant.

#### Agencies' Response

- WIOA and PA WDB member agencies focus on policy recommendations to eliminate all barriers to employment, including the opioid crisis.
- PA is working with multiple agencies in execution of this grant, which is thoroughly evaluated by USDOL for effectiveness as part of the process.
- WDB member agencies work closely with DHS's Centers of Excellence regarding performance and outcomes.
- Based on outcomes of this grant, additional policies will be brought to the PA WDB.

14. Actively address other critical areas that impact and become barriers to workforce development, such as the ability of workers to pass employer drug screening and availability of public transportation.

#### Agencies' Response

- WIOA and PA WDB focus on policy recommendations to eliminate all barriers to employment, including limited access to transportation.

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- Most services are engaged locally, so LWDBs develop strategies such as supportive services that cover transportation costs, or local transit authorities that establish bus routes based on industrial developments in the area.

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Figure 5 - Pennsylvania CPS Labor Force Statistics by Age Group and Fiscal Year

Age Group	Fiscal Year	Labor Force			Employment			Unemployment		
		Total (16+)	By Age	% of Total	Total (16+)	By Age	% of Total	Total (16+)	By Age	% of Total
16-19	2014-2015	6,393,900	273,800	4.3%	6,040,900	237,100	3.9%	353,000	36,800	10.4%
	2015-2016	6,497,100	279,600	4.3%	6,159,000	239,600	3.9%	338,100	40,100	11.9%
	2016-2017	6,454,200	273,300	4.2%	6,114,200	233,500	3.8%	340,000	39,900	11.7%
	2017-2018	6,365,200	262,300	4.1%	6,079,400	226,600	3.7%	285,800	35,700	12.5%
20-24	2014-2015	6,393,900	662,300	10.4%	6,040,900	588,700	9.7%	353,000	73,500	20.8%
	2015-2016	6,497,100	676,400	10.4%	6,159,000	615,800	10.0%	338,100	60,600	17.9%
	2016-2017	6,454,200	611,600	9.5%	6,114,200	564,100	9.2%	340,000	47,500	14.0%
	2017-2018	6,365,200	574,500	9.0%	6,079,400	537,600	8.8%	285,800	36,900	12.9%
25-54	2014-2015	6,393,900	3,884,900	60.8%	6,040,900	3,699,700	61.2%	353,000	185,300	52.5%
	2015-2016	6,497,100	3,922,200	60.4%	6,159,000	3,744,100	60.8%	338,100	178,200	52.7%
	2016-2017	6,454,200	3,909,000	60.6%	6,114,200	3,727,100	61.0%	340,000	181,800	53.5%
	2017-2018	6,365,200	3,903,800	61.3%	6,079,400	3,752,100	61.7%	285,800	151,500	53.0%
55+	2014-2015	6,393,900	1,572,900	24.6%	6,040,900	1,515,300	25.1%	353,000	57,500	16.3%
	2015-2016	6,497,100	1,618,800	24.9%	6,159,000	1,559,500	25.3%	338,100	59,300	17.5%
	2016-2017	6,454,200	1,660,400	25.7%	6,114,200	1,589,500	26.0%	340,000	70,900	20.9%
	2017-2018	6,365,200	1,624,800	25.5%	6,079,400	1,563,000	25.7%	285,800	61,700	21.6%

Source: Current Population Statistics (CPS), U.S. Bureau of Labor Statistics.

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#### Auditor's Conclusion to Pennsylvania Workforce Development Board's and Governor's Office's Response

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The Pennsylvania Workforce Development Board (state board) and Governor's Office are in general agreement with our Finding 1 and most of the recommendations. The agencies have some disagreement with Finding 2, but generally agree with most of our recommendations. Various progress is already being made or is planned to be made regarding implementation of our recommendations. Below we address the agencies' disagreement with Finding 2, along with disagreements to certain recommendations from both findings. We also discuss certain areas that we believe warrant further comment based on the agencies' response.

#### **Finding 1**

We commend the state board and the Pennsylvania Department of Labor and Industry for taking initiative since 2018 to improve interagency coordination within Pennsylvania's workforce development system. These improvements will help in achieving the goals and vision of the workforce development system to meet the ever-changing needs of employers and workers, thereby enhancing Pennsylvania's economic competitiveness. We acknowledge that, as stated in the agencies' response, the state board sub-committee activity is an important aspect to interagency collaboration with multiple agencies participating on the sub-committees. However, our evaluation did not extend beyond the work the sub-committees performed that was presented and documented as part of the regular public state board meetings.

With regard to the agencies' response to Recommendation #1, based on our review of state board meeting minutes from March 5, 2014 through August 15, 2018, we found that a representative from the Governor's Office began only recently in 2018 to regularly attend and provide updates to the state board regarding the Governor's strategic visions and goals for workforce development. Further, although we agree that the Governor is a board member and is always invited to attend the state board meetings, we found that for the 16 meetings reviewed during our four-year audit period, at no time did the Governor **actually attend** a state board meeting nor **directly address** the state board himself. We emphasize again that the Governor addressing the board and speaking at a statewide meeting would show leadership and help to underscore the critical importance of workforce development and the state board's commitment to his strategic vision and goals.

With regard to the agencies' response to Recommendation #12, we acknowledge that adding members to the state board from the local workforce development boards could be complicated due to mandated membership ratios and potential conflicts of interests as stated in the agencies' response. The agencies' response stated that local boards are being engaged, however, based on the results of our survey to local board executive directors, the local boards indicated a significant disconnect and lack of involvement with the state board. We continue to encourage

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the state board to further engage and obtain input from the local boards (e.g., conducting periodic surveys or recurring regional meetings with the various local boards).

The 22 local workforce boards are a vital part of the workforce changes taking place throughout the commonwealth. The knowledge and experience the local board members provide can be valuable at the state level and critical to successful change and innovation throughout Pennsylvania.

#### **Finding 2**

The agencies' response states that they disagree with this finding in that the WIA performance measures used to cite Pennsylvania's mediocre performance in program year (PY) 2014 and PY 2015 as compared to other states because they are outdated and do not accurately reflect Pennsylvania's current workforce development system. Our audit covers the period July 1, 2014 through November 30, 2018, and the WIA performance measures were being utilized to report and measure performance during those first two years of our audit period. We agree the WIA performance measures have now been replaced with the current WIOA performance measures; however, as stated in the finding, it is too early to evaluate Pennsylvania's performance and effectiveness of workforce programs using current WIOA measures. We emphasize again that with the current competitive environment for workers, Pennsylvania needs to improve past performance and strive to be a leader under WIOA.

With regard to the agencies' response to Recommendations #4 and #5, we agree that the state board's role is in developing policy recommendations. Throughout the course of our audit, the issue of soft-skills lacking in today's work environment has been continually brought to our attention as a barrier for employers' ability to hire and retain qualified and skilled persons to fill their job needs. Yet, the state board has not developed a policy recommendation to advocate for the strengthening of soft-skills curriculum in education and training programs. The state board should be providing input into this critical need to enhance soft-skills training, along with developing ways to measure the performance and effectiveness of the soft-skills training.

With regard to the agencies' response to Recommendation #10, the response does not specifically address the state board being a leader and a catalyst in "rebranding" how people think about careers in skilled trades and technical training programs versus college education. Rather, the agencies' response notes that member agencies have shared the rebranding message in travels and social media and new initiatives are being implemented which support the skilled trades. Nevertheless, we believe that the state board can do more, such as considering policy recommendations to include formalizing a more cohesive messaging campaign beyond word of mouth and limited social media outlets.

With regard to the agencies' response to Recommendation #12 which states that under WIOA the state board must focus on policy recommendations for all groups with barriers to employment, not just older workers over 55 years of age, their response further suggests that

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other groups with barriers to employment, such as out-of-school youth, may also have significant populations. While this may be true, a portion of our second delineated audit objective focused specifically on services to assist older workers with updating their skill sets to re-enter the workforce due to the fact that Pennsylvania's population is aging. Older workers make up about a quarter of Pennsylvania's workforce. While WIOA programs give priority to all groups with barriers to employment, it is too early to measure performance under the WIOA related to services provided to these groups, including older workers, with the data currently being collected and reported. We continue to recommend that the state board closely evaluate and monitor whether the existing WIOA programs are adequately serving the needs of older workers, and based on these results, consider the need to implement services or programs beyond the WIOA and the existing federal Senior Community Service Employment Program.

With regard to the agencies' response to Recommendation #14 which states that the state board focuses policy recommendations to eliminate all barriers to employment, including limited access to transportation, we note that during our review of minutes for board meetings held during our audit period, we did not find any instances in which the state board addressed the availability of public transportation or the issue of workers' ability to pass drug screenings. Therefore, we continue to recommend that the state board actively address these other critical areas.

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#### Appendix A

#### Objectives, Scope, and Methodology

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The Department of the Auditor General conducted this performance audit to determine if Pennsylvania's workforce development system, which reaches across multiple state agencies, is properly preparing workers for an ever-changing job market and ensuring that Pennsylvania is investing in effective, efficient, and needs-based workforce development activities.

We conducted this audit in accordance with applicable *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

#### Objectives

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Our performance audit objectives were to:

- Evaluate the Pennsylvania Workforce Development Board's (formerly the Pennsylvania Workforce Investment Board) oversight of the interagency coordination within the unified Workforce Development System, in accordance with the federal Workforce Investment Act of 1998, as amended; the federal Workforce Innovation and Opportunity Act (effective July 1, 2015); and respective state plans. [See Finding 1]
- Determine if the Workforce Development System has appropriate directives, policies, and procedures to effectively:
  - Identify current and future needs of employers within Pennsylvania.
  - Coordinate educational institutions and employment service programs to meet the needs of employers to enhance Pennsylvania's economic competitiveness.
  - Provide services to assist older and/or displaced workers to update their skill sets to re-enter the workforce. [See Finding 2]

#### Scope

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This performance audit covered the period July 1, 2014 through November 30, 2018, unless otherwise indicated, with updates through the report date.

#### Methodology

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The Pennsylvania Workforce Development Board (state board) along with the Governor's Office and respective state agency management is responsible for establishing and maintaining effective

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internal controls to provide reasonable assurance of compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures.

In conducting our audit, we obtained an understanding of the state board's internal controls, including any information system controls, if applicable, that we considered to be significant within the context of our audit objectives.

For those internal controls that we determined to be significant within the context of our audit objectives, we also assessed the effectiveness of the design and implementation of those controls as discussed in the *Methodology* section that follows. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

To address our audit objectives, we performed the following procedures:

- Reviewed the Workforce Innovation and Opportunity Act (WIOA) [29 U.S.C. § 3101 et seq. (Ch. 32- Workforce Innovation and Opportunity), Public Law 113-128].
- Reviewed the Workforce Investment Act of 1998 (WIA), [Pub. L. 105-220, 112 Stat. 936, enacted August 7, 1998].
- Reviewed the Pennsylvania 2016-2020 WIOA Combined State Plan (state plan) as substantially approved by the United States Department of Labor (USDOL) and the United States Department of Education (USDOE) on June 16, 2016.
- Reviewed the 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by USDOL and USDOE June 11, 2018.
- Reviewed the State Integrated Workforce Plan for WIA and Wagner-Peyser Act Programs for the period of July 1, 2012 through June 30, 2017.
- Reviewed state board bylaws and the Governor's Executive Order 2018-04, amended August 2, 2018.
- Reviewed results of five workforce development and job training forums held by the Pennsylvania Auditor General throughout the state during the period January 2017 through October 2017 in Erie, Beaver, Lancaster, Lehigh, and Luzerne Counties.
- Interviewed the state board Chairman and Executive Director to obtain an understanding as to how the board oversees and ensures the coordination of workforce programs and goals across state agencies outlined in the state plan.

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- Interviewed appropriate state agency personnel (i.e., Pennsylvania Departments of Labor & Industry (L&I), Aging, Education, Human Services, Community and Economic Development) to gain an understanding of the workforce system and programs, the bureaus/individuals involved in the system including the PA CareerLink® centers, and key documents/reports that are significant to the audit objectives.
- Conducted an on-site visit and interview of a local workforce development board to gain a better understanding of how the state board provides oversight and coordination for each of the 23 regional workforce systems and the overall operations related to workforce development services.
- Corresponded with workforce officials to gain an understanding of the interagency cooperation and coordination that exists between multiple state agencies within the workforce system, including the functions of the Interagency Workgroup.
- Interviewed workforce development officials from regional partnerships and state associations independent of the state system to learn how Pennsylvania's workforce system is perceived.
- Reviewed reports from the National Governors Association Center for Best Practices and the National Association of State Workforce Board Chairs for criteria on best practices for ensuring an effective and high-performing state workforce board.
- Reviewed state board meeting minutes from March 5, 2014 through August 15, 2018, to determine board member attendance and participation and to assess evidence of state board oversight of interagency coordination for all workforce programs and initiatives. Note that our evaluation did not extend beyond the work sub-committees performed that was presented and documented as part of the regular public state board meetings.
- Conducted a survey in February 2018 of the current 44 state board members at that time, in which 22 responded, to identify any issues related to workforce development, including board members thoughts and concerns.
- Conducted a survey in February 2018 of the 22 local workforce development board executive directors, in which 19 responded, to identify any issues related to workforce development.
- Reviewed labor force statistics from the USDOL's Bureau of Labor Statistics to determine unemployment rates and job growth statistics for Pennsylvania's Workforce Development System compared to national statistics.

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- Reviewed the state board spreadsheets for the period from July 2016 to June 2017 that are used to monitor and track the oversight of interagency progress towards completion of the goals outlined in the state plan.
- Reviewed the Pennsylvania Chamber of Business and Industry's (Chamber) 2016 Workforce Development Survey in order to identify gaps between Pennsylvania employers' current and future employment needs and the skills of today's workforce.
- Reviewed information obtained from USDOL regarding Pennsylvania's performance under certain former WIA measures for program years (PY) 2014 and 2015 compared to other states.
- Reviewed statistics provided by L&I to determine the volume and significance of older workers (55 years and older) in Pennsylvania's labor force.
- Interviewed and corresponded with state agencies' workforce officials, along with reviewing the state plan, in order to determine what programs or services exist that are specifically designed to assist older workers to update their skill sets and re-enter the workforce, including the Senior Community Service Employment Program.
- Reviewed programs incorporated into the Governor's PAsmart initiative, including the Computer Science and STEM Education program, Apprentice and Pre-Apprenticeships programs, and Next Generation Industry Partnerships, which are intended to help Pennsylvanians develop skills and abilities they need to obtain a quality job, help businesses recruit skilled workers, and foster economic growth.

#### Data Reliability

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In performing this audit, we used computer-processed information generated by the USDOL, L&I, and Chamber. *Government Auditing Standards* requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support our findings, conclusions, or recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purposes.

Computer-processed data that we obtained from USDOL that we used as audit evidence in this report included the following:

1. United States labor statistics including: total labor force, employment, unemployment, and unemployment rates obtained from the U.S. Bureau of Labor Statistics website.

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2. Pennsylvania labor statistics including: total labor force, employment, unemployment, and unemployment rates received from the U.S. Bureau of Labor Statistics website.
3. State rankings of performance under the former WIA measures for PY 2014 and PY 2015.

Further, computer-processed data that we obtained from L&I that we used as audit evidence in this report included Pennsylvania labor force statistics for individuals age 55 and older and computer-processed data that we obtained from the Chamber that we used as audit evidence in this report included the results of the Chamber's Workforce Development Survey conducted in April 2016.

As mentioned above, auditing standards require that we assess the completion and accuracy of the data provided to us. Assessing data reliability can be obtained in a number of ways, including reviewing existing information about the data; performing data testing; tracing to and from source documents; and reviewing selected information system controls. Data assessments allow auditors to conclude that the data is either: *sufficiently reliable*, *not sufficiently reliable*, or of *undetermined reliability* for use in the audit report.

The General Accountability Office (GAO) has issued data reliability assessment guidance stating that when factors are present such as: limited access to the data source; a wide range of data that cannot be examined with current resources; and data limitations that prevent an adequate assessment, auditors may consider the data of undetermined reliability. Many of these factors were present during our audit; consequently, we have determined that the data sources listed above are of undetermined reliability.<sup>54</sup>

With respect to the above items, because we did not have access to the original data sources, we could not conduct detailed testing of the data, a key aspect in completing data reliability assessments. However, because the data originated from reliable and best-known sources, we believe it to be reasonable for our limited purposes. Although this determination may affect the precision of the numbers we present, there is sufficient evidence to support the reasonableness of the data in total to support our findings, conclusions and recommendations.

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<sup>54</sup> This guidance is outlined in the GAO's, *Assessing the Reliability of Computer-Processed Data*, July 2009, External Version I.

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#### Appendix B

#### State Agencies Workforce Oversight and Programs

The Governor's Office oversees the state workforce development system across multiple state agencies and programs which are outlined below:

##### Labor and Industry

Within the workforce development system, L&I provides insight and direction regarding Pennsylvania's approach to the oversight of workforce administration, funds and programs. L&I is also responsible for the oversight and administration of the following workforce development programs:

- The WIOA Title I Adult program that serves participants age 18 or older in need of employment or career advancement, with priority of service given to participants deemed to be recipients of public assistance, other low-income individuals, and individuals who are basic skills deficient. Individuals deemed ready for work are provided career services to assist them in finding existing employment opportunities. Individuals not ready for employment or looking for employment in a new field are provided training to prepare them with the skills necessary to meet the needs of employers.<sup>55</sup>
- The WIOA Title I Dislocated Worker program assists workers before or after layoff to help facilitate rapid reemployment. Dislocated workers with requisite skills may be directly referred to employers with hiring needs. Other dislocated workers may require training and other services in order to meet the skill requirements of employers with job needs.<sup>56</sup>
- The WIOA Title I Youth program is designed to serve eligible youth and young adults through high-quality case management support toward educational attainment that includes career guidance and exploration, the provision of summer and/or year-round work experience opportunities such as internships and pre-apprenticeships, and skills training along a career pathway for in-demand industries and occupations, along with any necessary supportive services.<sup>57</sup>
- WIOA Title III Wagner-Peyser staff provides employment services to both job-seekers and employers with the ultimate goal of placing individuals in employment and filling employer job orders.<sup>58</sup>

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<sup>55</sup> 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by the United States Department of Labor (USDOL) and the United States Department of Education (USDOE) June 11, 2018, p. 285.

<sup>56</sup> Id.

<sup>57</sup> Ibid., p. 25.

<sup>58</sup> Id.

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- The Office of Vocational Rehabilitation (OVR) provides WIOA Title IV vocational rehabilitation services to help persons with disabilities prepare for, obtain, or maintain employment. The OVR Single Point of Contact model is designed to help any employer hire and on-board talented individuals with disabilities. The model connects the employer to one individual responsible for coordinating all program supports to include pre-screened talent recruitment and on-boarding supports to ensure new hire success.<sup>59</sup>
- The Trade Adjustment Assistance (TAA) program provides eligible workers services and benefits to assist them in returning to the workforce in the shortest period of time. Services and training provided ensure that TAA recipients have the skills needed to find reemployment within the industry they were laid off from or to enter a new industry where employment opportunities exist.<sup>60</sup>
- Industry Partnerships programs bring together multiple employers and workers or worker representatives, when appropriate, in the same industry cluster to address common or overlapping human capital needs. Industry Partnerships are a particular kind of "workforce intermediary," a so-called dual customer institution that helps connect and meet the needs of both workers and businesses.<sup>61</sup> In 2017, Pennsylvania transitioned to a new model, called the Next Generation Industry Partnerships, which are partnerships of businesses from the same industry and in a shared labor market region, who work with education, workforce development, economic development, organized labor and community organizations to address the workforce and other competitiveness needs of the targeted industry. Next Generation Sector Partnerships are employer-driven and put business at the center of the table. This leads to business driving the agenda of the partnership, not public partners (workforce development, economic development, education, etc.).<sup>62</sup>

#### Department of Community and Economic Development

Commonwealth economic development strategies are primarily developed and implemented by the DCED. DCED staff work closely with local economic and community development entities located throughout the state.<sup>63</sup> Specifically, the DCED is responsible for the oversight and administration of the following workforce development programs:

- The Community Services Block Grant program serves as a federally-funded block grant that provides funds to eligible nonprofit community-based organizations or governmental

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<sup>59</sup> Id.

<sup>60</sup> Ibid., p. 27.

<sup>61</sup> Pennsylvania Industry Partnership FY 2015-2016 and 2016-2017 Annual Report, p. 1.

<sup>62</sup> Pennsylvania Department of Labor & Industry website <[www.dli.pa.gov/Businesses/Workforce-Development/Pages/Industry-Partnerships.aspx](http://www.dli.pa.gov/Businesses/Workforce-Development/Pages/Industry-Partnerships.aspx)> (accessed December 19, 2018).

<sup>63</sup> Pennsylvania 2016-2020 WIOA Combined State Plan as substantially approved by the USDOL and the USDOE on June 16, 2016, p. 55.

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entities that work to lessen poverty in disadvantaged and low-income communities across Pennsylvania.<sup>64</sup>

- The Partnerships for Regional Economic Performance program is designed to encourage regional coordination in economic development efforts, yielding superior customer service to the business community and a comprehensive, efficient statewide economic delivery strategy.<sup>65</sup>

The WEDnetPA Training Program provides qualified employers training funds for new and existing employees. WEDnetPA is a unique, collaborative partnership of community colleges, state system universities and other educational institutions working together to be responsive to the needs of Pennsylvania's business community.<sup>66</sup>

- *Engage!* is a statewide business retention and expansion (BRE) program designed to regularly and proactively interact with targeted companies. *Engage!* will provide grants for purposes of a systematic BRE program to assist in the identification of PA companies to target, the engagement of those companies through various outreach methods, assessment of the needs of those targeted companies, and assisting those targeted companies through referrals and direct technical assistance.<sup>67</sup>

#### Department of Education

Within the workforce development system, the PDE works to establish programs and strategies to prepare students to be highly skilled, innovative, and better prepared upon completion of their education and advancement into the workforce. Specifically, PDE is responsible for the oversight and administration of the following workforce development programs:

- WIOA Title II Adult Basic Education programs teach Pennsylvania adults the critical skills needed for workplace, postsecondary, and training program success. Adult education programs are committed to building relationships with workforce development partners to ensure that Pennsylvanians have economic and educational success. The adult basic education services funded under Title II of the WIOA are administered by the PDE, Division of Adult Education. There are 59 division-funded programs across the state. All

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<sup>64</sup> Pennsylvania Department of Community and Economic Development website <<https://dced.pa.gov/programs/community-services-block-grant-csbg/>> (accessed December 19, 2018).

<sup>65</sup> Pennsylvania Department of Community and Economic Development website <<https://dced.pa.gov/programs/prep/>> (accessed December 19, 2018).

<sup>66</sup> Pennsylvania Department of Community and Economic Development website <<https://dced.pa.gov/programs/wednetpa/>> (accessed December 19, 2018).

<sup>67</sup> Pennsylvania Department of Community and Economic Development website <<https://dced.pa.gov/programs/engage/>> (accessed December 19, 2018).

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local workforce areas in Pennsylvania have some adult basic education programming available.<sup>68</sup>

- Perkins funds support career and technical education programs at the secondary and postsecondary levels. Perkins programs work with businesses to identify relevant technical standards to include national industry standards and credentialing opportunities, where appropriate, to ensure that program completers have the skills needed by employers.<sup>69</sup>

#### Department of Human Services

Within the workforce development system, the DHS works to assist public assistance recipients to prepare for, secure, and retain employment. Specifically, the DHS is responsible for the oversight and administration of the following workforce development programs:

- Temporary Assistance for Needy Families (TANF) aims to increase work participation rates and to promote self-sufficiency. Pennsylvania has adopted a work-first approach to help TANF clients succeed in their pursuit of self-sufficiency. Pennsylvania requires each adult, minor head of household or minor child age 16 or 17 who is not in school to engage in work or an approved employment and training activity. Individuals who have some work experience are referred to the Employment, Advancement and Retention Network (EARN) program, which assists with job placement and job training opportunities.<sup>70</sup>
- The EARN program was created in 1987 in order to address the needs of welfare recipients with barriers to employment and to better coordinate the existing employment and training programs available for them. The EARN program is currently operating in all 67 Pennsylvania Counties. The purpose of the EARN program is to address the needs of welfare and low-income individuals with serious barriers to gaining and maintaining employment by providing comprehensive case management, remediation, education with special emphasis on individuals with limited English proficiency, skills training, work activities, job placement and retention activities, as well as providing supportive services, including payment for childcare. Included in the EARN program are services especially designed to meet the needs of out-of-school pregnant and parenting youth between the ages of 18 to 22, as well as non-assistance custodial or non-custodial fathers. Work

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<sup>68</sup> Pennsylvania Department of Labor & Industry website <<https://www.dli.pa.gov/Individuals/Workforce-Development/Documents/PDE.pdf>> (accessed December 19, 2018).

<sup>69</sup> 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by USDOL and USDOE June 11, 2018, p. 26.

<sup>70</sup> Pennsylvania 2016-2020 WIOA Combined State Plan as substantially approved by the USDOL and the USDOE on June 16, 2016, p. 218.

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activities in EARN include unsubsidized employment, subsidized employment, paid work experience, and community service.<sup>71</sup>

#### Department of Aging

Within the workforce development system, Aging works to establish community service and work-based job training programs for older Americans. Specifically, Aging is responsible for the oversight and administration of the following workforce development program:

- The Senior Community Service Employment Program (SCSEP) promotes part-time employment opportunities in community service activities for unemployed low-income persons who are age 55 or older and who have poor employment prospects. The SCSEP utilizes labor market information to identify occupations most likely to hire older workers and prepares participants for those jobs. Some SCSEP grantees already work with PA CareerLink® BSTs to develop employment opportunities for older workers; additional partnerships with BSTs will be pursued. Employers often desire to hire older workers, who are generally viewed as reliable, loyal and ethical with well-established critical thinking, leadership, teamwork and communication skills.<sup>72</sup>

#### Department of Corrections

Within the workforce development system, the DOC partners with state agencies to develop and/or establish reentry employment and offender workforce development and education services. Specifically, the DOC is responsible for the oversight and administration of the following workforce development program:

- The Reintegration of Ex-Offenders (REO) program increases the collaboration and alignment of reentry planning and service activities among system partners to improve the justice-involved individual's ability to attain and retain a job that pays family-sustaining wages. Efforts described in the Combined State Plan will allow for greater coordination of services and activities provided by REO grantees with the workforce development system. Activities seek to not only get the justice-involved individual employed but also to provide the necessary supports to allow employment retention, thus reducing turnover and costs for employers providing job opportunities to justice-involved individuals.<sup>73</sup>

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<sup>71</sup> Pennsylvania Department of Labor & Industry website  
<[https://www.dli.pa.gov/Individuals/careers/Pages/Employment,-Advancement-and-Retention-Network-\(Earn\).aspx](https://www.dli.pa.gov/Individuals/careers/Pages/Employment,-Advancement-and-Retention-Network-(Earn).aspx)> (accessed December 19, 2018).

<sup>72</sup> 2018 Pennsylvania WIOA Combined State Plan Modification as substantially approved by USDOL and USDOE June 11, 2018, p. 27.

<sup>73</sup> Ibid., p. 27.

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#### Department of Agriculture

The Ag does not oversee any programs specific to the state workforce development system; however, its secretary does hold membership on the state board and has special assistants focused on workforce development initiatives and who participate in the interagency work group discussed earlier to help in facilitating alignment of activities. The Ag also collaborates with other state agencies on education, outreach, careers, etc., related to the Agriculture industry.

#### Department of Military and Veterans Affairs

While the DMVA does not include membership on the state board, it may at times be asked by the state board to discuss issues that impact veterans. The DMVA works to establish and participate in Regional Veterans' Employment and workforce development initiatives that are focused on combating veteran unemployment. Specifically, the DMVA is responsible for the oversight and administration of the following workforce development program:

- The Jobs for Veterans State Grant program, Disabled Veterans Outreach Program Specialists assist veterans with significant barriers to employment such as long-term unemployment, previous incarceration, and low-income status. Another element of the program is carried out by Local Veterans Employment Representatives (LVERs) who meet with employers, plan and participate in job and career fairs and conduct job development with employers on behalf of veterans. LVERs work with the PA CareerLink® BSTs in promoting qualified veterans to employers seeking candidates.<sup>74</sup>

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<sup>74</sup> Ibid., p. 27.

**A Performance Audit**

**Pennsylvania Workforce Development System**

**Appendix C**

**State Board Member Survey**



**PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL**

**Performance Audit of the  
Pennsylvania Workforce Development System**

**State Board Member Survey**

Please email responses to [sbuckley@paauditor.gov](mailto:sbuckley@paauditor.gov) by February 16, 2018.

**I. Pennsylvania's Workforce Development System**

As defined by the PA's Workforce Innovation and Opportunity Act (WIOA) Combined State Plan, PA's workforce development system includes the Governor, state agencies, local workforce boards, local elected officials, and PA CareerLinks, which act to join job seekers and employers. Within this framework, please answer the questions that follow:

**I.1. How long have you been a member of the Pennsylvania Workforce Development Board?**

**I.2. Please explain what you believe is the biggest challenge(s) currently facing PA's workforce development system?**

**I.3. Is PA's workforce development system structured in a way that ensures interagency cooperation without duplication of workforce development services?**

Yes    No    No Opinion

- a. If yes, please provide examples.
- b. If no, what areas need to be improved?

## A Performance Audit

### Pennsylvania Workforce Development System

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**I.4. Are CareerLinks structured (e.g., in terms of coverage area and staff) to ensure that the goals outlined in the Commonwealth's state plan are in alignment with the programs that are implemented? If no, please explain areas where you see a need for additional improvement.**

Yes    No    No Opinion

**I.4. In your opinion, does the staff associated with the CareerLinks possess sufficient skills in customer service and cross program knowledge? Please explain why or why not.**

Yes    No    No Opinion

**I.5. Does the PA workforce development system currently have an adequate support structure of training programs and employer peer learning opportunities (including apprenticeships and industry partnerships) to enable employers to invest in workers? Please explain why or why not.**

Yes    No    No Opinion

## II. Pennsylvania's Workforce Development State Board (Board)

**II.1. Beyond meeting federal requirements, what could the Board do to improve Pennsylvania's workforce development system? Please explain.**

## A Performance Audit

### Pennsylvania Workforce Development System

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**II.2. As a Board member, do you feel you have received appropriate direction from the Governor's Office regarding the Commonwealth's vision for workforce development? Please explain.**

Yes  No  No Opinion

**II.3. In your opinion, has the Board provided sufficient guidance, including strong policies and standards, to the local workforce development boards to ensure the Governor's vision for workforce development is implemented?**

Yes  No  No Opinion

- a. If yes, how is the Board ensuring local boards are accountable for implementing the state's vision?
- b. If no, why not?

**II.4. Does the Board have suitable performance metrics in place to evaluate the success of PA's workforce development system?**

Yes  No  No Opinion

- a. If yes, how does the Board use these metrics to measure its success or failure?
- b. If no, what metrics are needed to aid the Board with its mission?

**II.5. How would you rate the workforce program data currently collected in terms of assessing the current (i.e., less than 5 years) needs of the Commonwealth's employers?**

Excellent  Good  Fair  Poor

**II.6. How would you rate the workforce program data currently collected in terms of assessing the future (i.e., beyond 5 years) needs of the Commonwealth's employers?**

Excellent  Good  Fair  Poor

## A Performance Audit

### Pennsylvania Workforce Development System

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**II.7. How well is the Board sufficiently addressing the need to develop soft-skills training for job seekers; thereby, allowing a greater opportunity for employment success between employers and employees?**

Excellent  Good  Fair  Poor

**II.8. In your opinion, has the Commonwealth's state plan outlined sufficient goals? If no, what additional goals do you believe are needed?**

Yes  No  No Opinion

**II.9. In your opinion, are the goals outlined in the Commonwealth's state plan achievable? Please explain why or why not.**

Yes  No  No Opinion

**II.10. Is the Board sufficiently tracking the implementation and progress of the state plan to ensure achievement of its goals? Please explain why or why not.**

Yes  No  No Opinion

**II.11. Are you satisfied with the Board's achievements since its inception?**

Yes  No  No Opinion

- a. If yes, what is most significant achievement of the Board?
- b. If no, what specific obstacles are hindering success?

## A Performance Audit

### Pennsylvania Workforce Development System

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**II.12. Does the Board meet often enough to address the challenges identified in question I.1?  
Please explain why or why not.**

Yes    No    No Opinion

**II.13. Does the Board have an adequate governance structure (to include subcommittees and board composition) to ensure success? If no, please explain the changes you believe would lead to better success.**

Yes    No    No Opinion

**II.14. Please provide any additional information you would like to share with us.**

**INDIVIDUAL RESPONSES WILL BE KEPT CONFIDENTIAL**

**A Performance Audit**

**Pennsylvania Workforce Development System**

**Appendix D**

**Local Workforce Board Executive Director Survey**



**PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL**

**Performance Audit of the  
Pennsylvania Workforce Development System**

**Local Workforce Board Executive Director Survey**

*Please email responses to sbuckley@paauditor.gov by February 16, 2018.*

**I. About Your Workforce Investment Board (WIB)**

As defined by the PA's Workforce Innovation and Opportunity Act (WIOA) Combined State Plan, PA's workforce development system includes the Governor, state agencies, local workforce boards, local elected officials, and PA CareerLinks, which act to join job seekers and employers. Within this framework, please answer the questions that follow:

**I.1. How would you describe the level of business involvement in your local Board's decision making process? Please explain.**

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

**I.2. What are the most important workforce development challenges in your local area?**

**I.3. How is your local Board addressing these challenges?**

**I.4. What are the most important goals of your local Board?**

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### Pennsylvania Workforce Development System

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- I.5. In your opinion, please rate how effectively the state Board has communicated the Commonwealth's goals and vision for workforce development to your local board? Please explain.

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

- I.6. Please explain the method by which your workforce development Board has been informed of the state's goals and vision for workforce development?

- I.7. In your opinion, are the state plan's goals achievable? Please explain.

## II. Overall Assessment of the Workforce Development System

- II.1. What are the most helpful types of information or support that you have received from the state Workforce Development Board?

- II.2. How would you describe the state Board's current role in the system? What do you think its role should be?

- II.3. How do you rate the current state and federal performance measures? Please explain.

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

## A Performance Audit

### Pennsylvania Workforce Development System

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**II.4** What additional criteria do you feel your Board should be measured by?

**II.5** If you could change one thing about the operation of the workforce development system, what would it be?

**II.6** What other boards/agencies/organizations do you consider to be the best source of ideas and information about running your own programs?

**II.7** Are CareerLinks structured (e.g., in terms of coverage area and staff) to ensure that the goals outlined in the Commonwealth's state plan are in alignment with the programs that are implemented? If no, please explain areas where you see a need for additional improvement.

**II.8** In your opinion, is the PA workforce development system properly aligned with PA's education system to prepare students for future employment demands? If no, what areas need to be better aligned?

**II.9** Beyond meeting federal requirements, what could the state Board do to improve Pennsylvania's workforce development system?

**A Performance Audit**

**Pennsylvania Workforce Development System**

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**II.10. How would you rate your workforce development program in terms of assessing the current (i.e., less than 5 years) needs of your region's employers? Please explain.**

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

**II.11. How would you rate your workforce development program in terms of assessing the future (i.e., beyond 5 years) needs of your region's employers? Please explain.**

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

**II.12. How would you rate your workforce development programs ability to provide services to assist displaced workers (both young and old) and to update their skill sets to re-enter the workforce? Please explain.**

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

**II.13. How would you rate the state board's coordination and oversight among all the state agencies and programs involved in the workforce development program? Please explain.**

\_\_\_ Excellent \_\_\_ Good \_\_\_ Fair \_\_\_ Poor

**II.14. Is there anything we have not asked that you feel we should know to get a better picture of the state or local workforce development system?**

**INDIVIDUAL RESPONSES WILL BE KEPT CONFIDENTIAL**

## A Performance Audit

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#### Appendix E

#### Distribution List

This report was distributed to the following Commonwealth officials:

**The Honorable Tom Wolf**  
Governor

**The Honorable Jeffrey Brown**  
Chairman  
PA Workforce Development Board

**The Honorable W. Gerard Oleksiak**  
Secretary  
PA Department of Labor and Industry

**The Honorable Elena Cross**  
Deputy Chief of Staff to the Governor

**The Honorable Robert V. O'Brien**  
Executive Deputy Secretary  
PA Department of Labor and Industry

**The Honorable Allison Jones**  
Executive Director  
PA Workforce Development Board

**The Honorable Camera Bartolotta**  
Majority Chair  
Senate Labor and Industry Committee

**The Honorable Christine Tartaglione**  
Democratic Chair  
Senate Labor and Industry Committee

**The Honorable Jim Cox**  
Majority Chair  
House Labor and Industry Committee

**The Honorable Patrick Harkins**  
Democratic Chair  
House Labor and Industry Committee

**The Honorable Jen Swails**  
Secretary of the Budget  
Office of the Budget

**The Honorable Joseph M. Torsella**  
State Treasurer  
Pennsylvania Treasury Department

**The Honorable Josh Shapiro**  
Attorney General  
Office of the Attorney General

**The Honorable Michael Newsome**  
Secretary of Administration  
Office of Administration

**Mr. Brian Lyman, CPA**  
Director  
Bureau of Audits  
Office of Comptroller Operations

**Ms. Mary Spila**  
Collections/Cataloging  
State Library of Pennsylvania

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