



Trends and Incentives in Workforce Development

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Approximately 1.1 million jobs went unfilled in 2019, according to the [U.S. Department of Labor](#), placing workforce development on many legislative agendas. Policies intended to ensure employability by aligning the skills of employees with national market trends and local business needs are popular among state policymakers.

Workforce development initiatives take a variety of forms.

■ **Apprenticeship programs** use a work-based learning model where workers can simultaneously learn the skills they need to work in a certain profession while putting those skills to use for an employer. These programs are unique because apprentices are paid for

their time, whether it's learning career skills or applying them in the field.

■ **Targeted workforce development programs** aim for groups who are historically underrepresented in a field, such as women, or those having a difficult time breaking into the labor market, such as people with criminal records.

■ **Tax Incentives** encourage businesses to offer apprenticeships and workforce development programs by giving them a tax break.

■ **Pay for success** is a financing mechanism that shifts a program's up-front costs and risks from a traditional funder (often a public entity) to an investor. If an independent evaluation of the program demonstrates it has achieved predetermined outcomes, the government pays back the investment. This process transfers considerable financial

Did You Know?

- The national employment rate is 3.5%, according to the [U.S. Bureau of Labor Statistics](#).
- The U.S. Department of Labor says the U.S. Economy has 7.6 million unfilled jobs, but only 6.5 million people are looking for work.
- [Small businesses created 2 out of 3 new net jobs from 2013 to 2018.](#)

risk from government funders and ensures they pay only for results. These models require active engagement from private business entities and also require an evaluation process to determine whether the program is working.

State Action

Alabama last year passed [SB 295](#), which aligned state-level apprenticeship programs with the requirements laid out by the [U.S. Department of Labor's registered apprenticeship program initiative](#). The bill also made tax incentives available for employers who hire apprentices. New Jersey passed similar legislation with [SB 372](#), which required the state commissioners of education and labor and workforce development to collaborate on developing and promulgating guidelines to encourage high school students to participate in apprenticeship programs.

Legislatures regularly target workforce development programs to benefit certain groups. For example, workforce development programs for veterans are popular. Connecticut passed [SB 968](#), establishing the state's Military-to-Machinist job program, in 2019. The pilot program, to be led by the state Department of Labor and Workforce Development boards, helps veterans earn an advanced manufacturing certificate and secure employment. This kind of targeted workforce development strategy is also being used by states to encourage traditionally underrepresented populations to participate in apprenticeship programs.

California passed [AB 1111 in 2017](#), creating a grant program to provide people experiencing barriers to employment the services they need to complete workforce education and training programs. Among those the legislation aims to help are youth disconnected from the education system, women seeking training or education, and non-native English speakers.

Another strategy to reach these populations is to offer increased tax incentives for businesses that hire apprentices who meet specific criteria. In 2019, Illinois enacted [SB 1591](#), which created an Apprenticeship Education Tax Credit, allowing certain taxpayers to be eligible for a higher credit if the apprentice or business is located in an underserved area. New York offers businesses that hire disadvantaged youth as apprentices an

additional [\\$1,000 to \\$3,000](#) through its Empire State Apprenticeship Tax Credit program.

States also try to enhance workforce skills in specific industries. New Mexico passed [HB 315](#) in 2019, establishing the New Mexico Agricultural Workforce Development Program. This legislation created internship and apprenticeship opportunities specifically for agriculture-related professions through local employers. Iowa's Accelerated Career Education program, created through [legislation enacted](#) in 1999, assists businesses and community colleges with programs that train people in manufacturing, construction, research and development, and employment services.

Pay-for-success programs are one of the newest approaches to encouraging workforce development. Massachusetts' [Pathway to Economic Development Project](#) is a partnership between the state and nonprofits to execute a pay-for-success program intended to increase job opportunities for adult English language learners. The initial investors are repaid by the state only if positive outcomes are met for participants related to [1\) earnings, 2\) successful transitions to higher education and 3\) project engagement](#). The city of San Diego implemented a pay-for-success initiative to help veterans transition back to civilian life in 2018. Project (re)LAUNCH plans to improve employment outcomes and economic security for veterans with service-related disabilities.

Federal Action

The Workforce Innovation and Opportunity Act (WIOA) provides funding for [state and local pay-for-success models](#). WIOA requires states to [allocate 15% of the governors' reserve fund](#) for statewide innovations like pay for success. The Department of Labor also published a [Pay for Success Feasibility Tool Kit](#) for state and local governments in 2017.

Included in the enacted 2018 federal budget was a provision called the Social Impact Partnerships to Pay for Results Act, or [SIPPPRA](#). SIPPPRA created \$100 million in standing funding held by the U.S. Treasury for states to make outcome payments (repay private investments) in social impact partnership projects and fund select feasibility studies. This [funding](#) was specifically set aside for state and local governments.

Additional Resources

- [NCSL's Incentives for Apprenticeships webpage](#)
- ["Pay for Success: The First 25." Nonprofit Finance Fund](#)
- [Urban Institute Pay for Success Program](#)
- [American Institutes for Research's Pay for Success](#)

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