



Report to the Ranking Member,
Committee on Health, Education, Labor
and Pensions, U.S. Senate

November 2016

WORKFORCE INNOVATION AND OPPORTUNITY ACT

Selected States' Planning Approaches for Serving Job Seekers and Employers

GAO Highlights

Highlights of [GAO-17-31](#), a report to the Ranking Member, Committee on Health, Education, Labor and Pensions, U.S. Senate

Why GAO Did This Study

Enacted in 2014, WIOA aims, in part, to increase coordination among federal workforce development programs, which are administered primarily by DOL and Education. GAO was asked to review selected states' approaches for addressing certain WIOA provisions in their state workforce plans.

GAO examined 1) approaches selected states have taken to develop plans for implementing career pathways, sector partnerships, and regional planning strategies, and 2) related planning challenges these states have encountered and how they have addressed them.

GAO reviewed relevant federal laws, regulations, and guidance. GAO also conducted case studies in five states (California, Colorado, Kentucky, Ohio, and Pennsylvania). GAO selected these states based on input from national associations about their level of experience with career pathways, sector partnerships, and regional planning strategies, and GAO's review of relevant reports. In these states, GAO interviewed state workforce board officials and agency officials who were involved in developing the state plan. The information GAO obtained provides in-depth examples but is not generalizable to all states. GAO also reviewed state plans and other relevant documentation. In addition, GAO interviewed DOL and Education officials.

What GAO Recommends

GAO is not making recommendations in this report. DOL and Education provided technical comments on a draft of this report, which GAO incorporated as appropriate.

View [GAO-17-31](#). For more information, contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov.

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What GAO Found

Officials in five selected states reported using three main approaches to develop plans for implementing career pathways, sector partnerships, and regional planning strategies under the Workforce Innovation and Opportunity Act (WIOA). GAO selected states that had various levels of experience with these strategies. Specifically, as a condition of receiving funding, federal agencies require state plans under WIOA to include career pathways strategies, which align education, job training, and support services to help job seekers obtain employment. These plans must also include sector partnership strategies, which help employers in an industry address shared goals and hiring needs. In addition, states are required to establish regions, which may be made up of multiple local workforce areas. According to the Department of Labor (DOL), these regions are intended in part to align workforce activities with regional economies. To address these requirements, officials in each of the five states reported:

- **Building on prior experience to enhance career pathways, sector partnerships, or both strategies.** For example, Pennsylvania's state plan proposes building on over 10 years of experience with sector partnerships by increasing technical assistance for them and exploring the development of a certification program for these partnerships.
- **Increasing the involvement of stakeholders, which uncovered ways to enhance services in most selected states.** For example, Ohio officials said they involved the state agency that oversees employment services for individuals with disabilities and advocates for these individuals in planning efforts for the first time, which led them to provide training on disability awareness for staff at all local workforce centers.
- **Using multiple sources of labor market information, which helped better align career pathways strategies with employer needs in some selected states.** For example, Colorado officials said they asked employers to review projected worker shortages in the medical industry over the next 10 years, and employers said they would need more workers over a shorter period of time. Officials used this information to focus their career pathways strategies on preparing individuals to eventually fill the jobs that were projected to have worker shortages.

Officials in four of the states GAO selected reported facing challenges establishing regions due to local areas' concerns, which they addressed by revising regional boundaries or increasing the number of regions and by providing incentives for regional collaboration or innovation. In three states, officials said they revised their regions in response to local concerns. For example, California officials said they redrew regional boundaries after a local area requested that it be assigned to a different region based on commuting patterns, among other factors. In addition, to encourage regional collaboration or innovation, officials in four states reported providing financial incentives. For example, a Kentucky official said the state is using a private grant to fund regional efforts to develop career pathways and sector partnership strategies. Additionally, DOL and Department of Education (Education) officials told us that they plan to support states with related technical assistance.

Contents

Letter		1
	Background	3
	Selected States Reported Building on Experience, Increasing Stakeholder Involvement, and Using Multiple Sources of Labor Market Information as Approaches to Develop Flexible Plans	8
	Selected States Reported Addressing Challenges in Designating Regions and Creating Incentives for Regional Collaboration	16
	Agency Comments	19
Appendix I	Objectives, Scope, and Methodology	20
Appendix II	Changes to Colorado's Regions after the Department of Labor Reviewed the Initial State Plan	22
Appendix III	GAO Contact and Staff Acknowledgments	24
Related GAO Products		25
Tables		
	Table 1: Workforce Innovation and Opportunity Act (WIOA) Core Programs	5
	Table 2: Other Partner Programs Included in the Combined Workforce Innovation and Opportunity Act (WIOA) Plans for Four Selected States	11
Figures		
	Figure 1: Workforce Innovation and Opportunity Act (WIOA) Timeline	4
	Figure 2: Changes to the Configuration of Workforce Innovation and Opportunity Act (WIOA) Planning Regions in Colorado	23

Abbreviations

CCMEP	Comprehensive Case Management and Employment Program
Education	Department of Education
DOL	Department of Labor
ETA	Employment and Training Administration
LMI	Labor market information
OCTAE	Office of Career, Technical, and Adult Education
RSA	Rehabilitation Services Administration
TANF	Temporary Assistance for Needy Families
WIA	Workforce Investment Act of 1998
WIOA	Workforce Innovation and Opportunity Act

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November 15, 2016

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor and Pensions
United States Senate

Dear Senator Murray:

Enacted in July 2014, the Workforce Innovation and Opportunity Act (WIOA) brought changes to the programs that serve as a foundation for the nation's employment and job training system. These programs, administered primarily by the Departments of Labor (DOL) and Education (Education), provide a combination of education and training services that help job seekers obtain employment and advance in the labor market. Such services include job search assistance, career counseling, occupational skills training, classroom training, and on-the-job training. WIOA emphasizes the alignment and integration of these programs. In addition, WIOA emphasizes that employers are also customers of the workforce system, and includes provisions that involve them in helping the system provide the skilled workers they need.

Among other changes, WIOA requires greater coordination of strategic planning, services, and performance measurement. Specifically, WIOA includes new requirements for state workforce development plans.¹ State workforce development boards—whose members include the governor, representatives from the business and labor communities, and various state officials—are required to assist in creating these plans, which “unify” workforce strategies across six programs designated as core by the law.² In addition, WIOA requires that states develop career pathways strategies to help job seekers obtain employment or education, sector partnership strategies to engage employers in the workforce system, and regional

¹Throughout this report, for ease of reporting we refer to requirements imposed on states and various state and local entities. These requirements, however, are generally only imposed as a condition of the state or entity receiving funding under WIOA.

²WIOA designated six programs as core. Four of these programs are administered by DOL: Title I Adult, Title I Dislocated Worker, Title I Youth, and Wagner-Peyser Employment Services. Two of these programs are administered by Education: Adult Education and Family Literacy Act, and State Vocational Rehabilitation Services (Vocational Rehabilitation).

planning strategies to coordinate local services.³ States were required to submit their first state plans under WIOA to DOL and Education by April 1, 2016, in order to be considered timely.

In light of these developments, you asked us to review states' planning approaches for addressing new WIOA requirements. Specifically, this report examines: (1) the approaches selected states have taken to develop plans for implementing WIOA provisions related to career pathways, sector partnerships, and regional planning, and (2) the related planning challenges, if any, these states have encountered and how they have addressed them.

To address both objectives, we reviewed relevant federal laws, regulations, and guidance. To conduct case studies, we selected five states (California, Colorado, Kentucky, Ohio, and Pennsylvania), which were among those identified by national associations as 1) having substantial experience developing and implementing career pathways, sector partnerships, or regional planning prior to WIOA, and/or 2) making significant changes to implement any of these strategies under WIOA. To select states that had various levels of experience with these three strategies, we considered the input we received from national associations and reviewed relevant reports. In the selected states, we interviewed officials including the executive leadership of the state workforce development board, state board members, and state agency officials—such as officials from the state workforce, human services, or education agency—who were involved in developing the state plan. The information we obtained from state officials provides in-depth examples but is not generalizable to all states. In addition, we reviewed the plans that these states submitted to DOL and Education by April 2016 and other relevant documentation, such as documents summarizing the state planning process and state guidance for local workforce areas. After reviewing and analyzing information from the states, we asked the state officials we interviewed to review relevant portions of the draft report for

³Career pathways strategies align and integrate education, job training, counseling, and support services to help individuals obtain postsecondary education credentials and employment in in-demand occupations. WIOA defines in-demand occupations as those that currently have or are projected to have enough positions in an industry sector to have a significant impact on the state, regional, or local economy. Sector partnership strategies organize multiple employers and key stakeholders in a particular industry into a working group that focuses on the shared goals and human resources needs of that industry. Regional planning strategies allow for strategic planning across local boundaries for the purposes of coordinating services and administrative cost-sharing, among other activities.

accuracy. Furthermore, we interviewed DOL and Education officials. See appendix I for more information on our objectives, scope, and methodology.

We conducted this performance audit from September 2015 to November 2016 in accordance with generally accepted government auditing standards. 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.

Background

Timeframes for WIOA Implementation

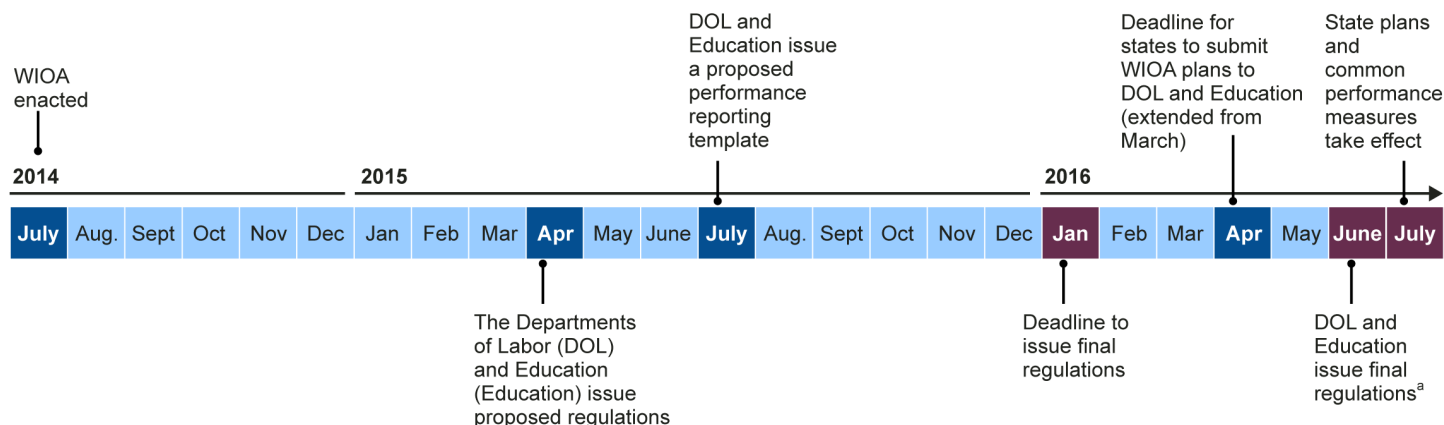
WIOA required federal and state officials to build a new framework for the workforce system over the two years following its enactment. This framework included the federal regulations implementing the law, and state plans outlining each state's overall strategy for workforce development and how that strategy will meet identified skill needs for job seekers and employers. All states submitted their first plans under WIOA to DOL and Education by April 1, 2016, and the federal agencies issued final regulations in June 2016.⁴ Although final regulations were not issued by the time states submitted their plans, the federal agencies had previously issued proposed regulations and guidance, and had provided technical assistance to states.⁵ According to DOL and Education officials, they approved all of the state plans with conditions that each state needed to address to meet requirements. In July 2016, these plans and the common performance measures for the six core programs took

⁴While the agencies announced the final regulations in June 2016, the regulations were not promulgated in the Federal Register until August 19, 2016. See 81 Fed. Reg. 55,526, 55,562, 55,630, 55,792, and 56,072.

⁵This guidance included *Required Elements for Submission of the Unified or Combined State Plan and Plan Modifications under the Workforce Innovation and Opportunity Act*, Feb. 18, 2016, Office of Management and Budget Control Number 1205-0522. Technical assistance includes information provided on the DOL websites www.doleta.gov/wioa and www.ion.workforcegps.org, and corresponding websites maintained by Education and the Department of Health and Human Services.

effect.⁶ (See fig.1.) WIOA requires that states submit unified state plans to DOL every four years and revisit these plans every two years, submitting their planned modifications to the relevant federal agencies for approval.

Figure 1: Workforce Innovation and Opportunity Act (WIOA) Timeline



Source: GAO analysis of relevant federal law, Federal Register notices, joint guidance issued by DOL, Education, and other federal agencies, and information from DOL and Education officials and DOL's website. | GAO-17-31

^aWhile the agencies announced the final regulations in June 2016, the regulations were not promulgated in the Federal Register until August 19, 2016. See 81 Fed. Reg. 55,526, 55,562, 55,630, 55,792, and 56,072.

Requirements for WIOA State Plans

Among other changes, WIOA requires that state workforce development boards, consisting of the governor, representatives from business and labor communities, and various state officials, assist in the development of “unified” state plans covering six core programs.⁷ The six programs are administered by DOL and Education (see table 1).

⁶For more information on the common performance measures under WIOA, see GAO, *Workforce Innovation and Opportunity Act: Information on Planned Changes to State Performance Reporting and Related Challenges*, GAO-16-287 (Washington, D.C.: March 7, 2016). For other related GAO reports, see Related GAO Products.

⁷Under WIOA, in addition to assisting in the development of state plans, state boards are also responsible for assisting in the development and continuous improvement of the state’s workforce system, assisting in the development and updating of comprehensive state performance accountability measures, and assisting in the identification and dissemination of best practices, among other responsibilities.

Table 1: Workforce Innovation and Opportunity Act (WIOA) Core Programs

Administered by the Department of Labor (DOL):^a	
Title I Adult	Provides training and services, such as occupational skills training, career counseling, and job searches, to adults age 18 and older
Title I Dislocated Worker	Provides the same services as the Title I Adult program for those who, generally, among other criteria, anticipate being or have been terminated or laid-off or who were self-employed
Title I Youth	Provides various services, including educational supports, occupational skills training, counseling, and paid and unpaid work experiences, generally to low-income youths who are facing one or more barriers to employment
Wagner-Peyser Employment Services	Provides employment services, including job searches and placement assistance, and referrals to employers
Administered by the Department of Education (Education):^b	
Adult Education and Family Literacy Act	Generally assists adults in becoming literate or achieving proficiency in English, obtaining the knowledge and skills necessary for employment and self-sufficiency and to assist in their children's educational development, and completing a secondary school education
State Vocational Rehabilitation Services (Vocational Rehabilitation)	Provides services such as counseling, job training, and job search assistance to eligible individuals with disabilities, particularly individuals with significant disabilities, and students transitioning from special education, to assist them in obtaining competitive integrated employment

Sources: GAO analysis of relevant federal law and information from Education officials. | GAO-17-31

^aDOL's Employment and Training Administration (ETA) administers these programs and oversees their implementation, which is carried out by state workforce agencies and local workforce development boards. The local board selects the entities that will operate American Job Centers (formerly called one-stop centers) to provide services.

^bEducation's Office of Career, Technical, and Adult Education (OCTAE) provides grants to states for the Adult Education and Family Literacy Act program, and the states, in turn, distribute most of the federal funds to local adult education providers. The local provider network includes local educational agencies, community colleges, community-based organizations, and volunteer literacy organizations. Education's Rehabilitation Services Administration (RSA) provides grants to states to administer the Vocational Rehabilitation program. Twenty-four of the 56 states and outlying areas have separate agencies serving blind or visually impaired individuals in addition to agencies that serve all other individuals with disabilities. In addition, states vary in terms of the organizational positioning of the program, with the program being housed in education, workforce, social service, or disability program agencies; independent Vocational Rehabilitation agencies; or elsewhere.

States were required to submit either unified or combined plans for implementing WIOA. Unified plans include planning for the six core programs. Such plans were optional under the prior authorizing law, the Workforce Investment Act of 1998 (WIA). Combined plans include

planning for the six core programs, as well as planning for one or more additional programs and activities.⁸

In these plans, states are required to include career pathways strategies, which help job seekers obtain employment or education, and sector partnership strategies, which engage employers in the workforce system.⁹ States are also required to identify regions that will implement regional planning strategies to coordinate local services, among other activities.

- **Career pathways strategies** align and integrate education, job training, counseling, and support services to help individuals obtain postsecondary education credentials and employment in in-demand occupations. WIOA defines in-demand occupations as those that currently have or are projected to have enough positions in an industry sector to have a significant impact on the state, regional, or local economy.
- **Industry or sector partnership strategies** organize multiple employers and key stakeholders, such as education and training programs, in a particular industry into a working group that focuses on the shared goals and human resources needs of that industry.
- **Regional planning strategies** allow for strategic planning across local workforce area boundaries for the purposes of coordinating services and administrative cost-sharing, among other activities.¹⁰

⁸We refer to these additional programs and activities as “other partner programs” throughout this report. The other partner programs are: career and technical education programs under the Carl D. Perkins Career and Technical Education Act of 2006, Temporary Assistance for Needy Families, employment and training programs under the Supplemental Nutrition Assistance Program, work programs under the Food and Nutrition Act of 2008, Trade Adjustment Assistance for Workers, Jobs for Veterans State Grants, Unemployment Insurance, Senior Community Service Employment Program, employment and training activities carried out by the Department of Housing and Urban Development, employment and training activities carried out under the Community Services Block Grant Act, and Reintegration of Ex-Offenders.

⁹WIOA requires state boards to assist the governor in developing strategies to support the use of career pathways and the development or expansion of sector partnerships. Federal agencies require state plans to describe the strategies a state will implement, including career pathways and sector partnerships, to achieve its strategic vision and goals.

¹⁰Similar to WIA, WIOA requires that each state have one or more local workforce development areas, each governed by a local workforce development board. Under WIOA, local boards’ responsibilities include developing a local workforce plan, analyzing regional labor market conditions, engaging regional employers, developing and implementing career pathways, identifying and promoting other proven and promising workforce development strategies, and conducting oversight for certain activities.

Career pathways and sector partnership strategies are often interconnected. In order to design career pathways programs that train workers for jobs that employers need to fill, these programs need input from employers, which can be gained through sector partnerships. DOL has noted that one of the key elements of developing a comprehensive career pathways system is to identify industry sectors and engage employers.¹¹

With respect to the requirement that states establish regions, DOL regulations state that the purpose of these regions is to align workforce development activities and resources with larger regional economic development areas and available resources to provide coordinated and efficient services to both job seekers and employers. This is a change from WIA, which permitted but did not require regional planning. Under WIOA, states must designate local workforce areas, draw regional boundaries, and assign local areas to these regions.¹² In practice, states need to designate local areas before they can assign them to regions. If local areas dispute their local area designations, they may appeal them to the state board, and if the state board denies the appeal, they may appeal to DOL. In assigning local areas to regions, states are required to consult local officials and consider labor market and economic development areas. After states establish regions, local boards are to work together to develop regional plans that incorporate local plans for each local area in the region, collect and analyze regional labor market data, develop regional sector partnerships, and coordinate the sharing of administrative costs, among other responsibilities.¹³

Strategic Planning Approaches

In our previous work on leading strategic planning practices, we have noted the importance of stakeholder involvement, assessing the environment, and aligning activities, processes, and resources to meet goals and objectives during the early phases of strategic planning.¹⁴

¹¹DOL, *Career Pathways Toolkit: A Guide for System Development*, Sept. 3, 2015.

¹²Regions may consist of one or more local areas.

¹³If a region consists of a single local area, it is not subject to regional planning requirements.

¹⁴Later phases, which occur after programs have been implemented, include measuring performance and using performance information to later refine program activities and report on outcomes. For more information, see GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1996).

Under WIOA, states are required to address all of these aspects of strategic planning:

- **Involving stakeholders.** WIOA requires that state boards have diverse membership, which helps involve relevant stakeholders in the planning process.¹⁵ WIOA also features a “sunshine provision” to disclose board proceedings and information regarding the state plan. In addition, as previously noted, states must consult local officials when establishing regions.
- **Assessing the environment.** The state plan must assess the current environment in which employment and training programs operate by including analyses of state economic conditions and labor market information, among others.
- **Aligning activities and resources.** The state plan must include a strategy for aligning the core programs, other state or local partner programs, and other resources available to the state to achieve its strategic vision and goals.

Selected States Reported Building on Experience, Increasing Stakeholder Involvement, and Using Multiple Sources of Labor Market Information as Approaches to Develop Flexible Plans

The five states we selected as case studies reported using three main approaches to develop plans for implementing WIOA provisions related to career pathways, sector partnerships, and regional planning. Specifically, states 1) built on their prior experience with career pathways and sector partnerships, which officials viewed as interconnected, 2) increased the involvement of stakeholders in the planning process compared to past efforts, and 3) used multiple sources of labor market information (LMI) to identify employer needs and draw the boundaries of the new regions required under WIOA. Officials in each of the five states told us that they intended their state plans to provide a high-level vision that allows regions and local areas the flexibility to develop workforce strategies that respond to specific regional and local needs.

¹⁵There was also a requirement for diverse board membership under WIA.

All Five States Reported Building on Prior Experience to Expand Their Efforts under WIOA

Each of the five selected states had experience with career pathways, sector partnerships, or both prior to the enactment of WIOA, and officials in these states told us that WIOA provided an opportunity to enhance the strategies they already had in place. In contrast, each of the states had less prior experience with regional planning. Colorado officials said they began implementing sector partnerships in 2005 and have incorporated lessons learned over time, including ensuring that these partnerships are led by the business community. Under WIOA, Colorado officials plan to expand and enhance their network of business-led sector partnerships. They also plan to use these partnerships to help design career pathways programs by identifying the knowledge, skills, and abilities that employers are seeking for in-demand jobs. Similarly, Pennsylvania's state plan proposes building on over 10 years of experience with sector partnerships by increasing technical assistance and seeking additional funding for these partnerships, and exploring the development of a certification program for such partnerships. In Ohio, officials also said they plan to further develop their existing sector partnership efforts, including identifying and disseminating best practices from six pilot partnerships that they funded with grants in 2014. They also plan to implement two new career pathways initiatives: an initiative to encourage greater enrollment of Temporary Assistance for Needy Families (TANF) participants in employment and training services, and a new wage pathway model that provides an alternative to the traditional career pathway model.¹⁶ According to Ohio officials, this wage pathway model provides low-income, low-skill youth who are not yet ready to enter a career pathway program with on-the-job skills training and supportive services to help them make a successful transition to a career pathway program and obtain an in-demand occupation.

Officials in four of the five states said their previous state plans under WIA served as the foundation for their WIOA plans because the new law supported their existing strategies. For example, California officials said that WIOA's shift in emphasis from matching job seekers with open positions to helping job seekers increase their skills and education aligns with the state board's efforts to promote these goals in California over the

¹⁶According to Ohio officials, they developed the Comprehensive Case Management and Employment Program (CCMEP) to create a streamlined service flow for youth and young adults (ages 16-24), which includes adopting common performance metrics to encourage greater co-enrollment of TANF participants in employment and training services. CCMEP aims to break generational poverty by providing participants with intensive case management, career guidance, supportive services, labor market information, and education and skills training for in-demand jobs.

last five years. Similarly, Ohio officials told us that some of their efforts to reform their workforce system over the last several years have emphasized the development and expansion of career pathways and sector partnerships, which aligns with WIOA's emphasis on these strategies.

In contrast to career pathways and sector partnerships, officials in only three of the five states reported they had some prior experience with regional planning. In California, Colorado, and Ohio, officials said they had some type of regional structure in place prior to the enactment of WIOA, while officials in Kentucky and Pennsylvania said they were relatively new to regional planning. Overall, officials in each of the five states said they had less prior experience with regional planning than with career pathways or sector partnership strategies, and told us that they have made or will make major changes to implement new regional requirements under WIOA.

Most Selected States Reported That Greater Stakeholder Involvement Increased Awareness across Programs or Uncovered Opportunities to Enhance Services

In each of the five selected states, officials reported involving a wide range of stakeholders in enhancing or developing career pathways, sector partnerships, or regional planning strategies, and sought their input in various ways. For example, officials said they included stakeholders such as state agencies overseeing core programs, state agencies overseeing other partner programs, local workforce boards, community colleges, business and industry representatives, labor organizations, and community-based organizations. According to officials, state workforce boards sought input from stakeholders in various ways, such as organizing cross-program or issue area planning committees or discussion groups, holding statewide or regional meetings, and conducting focus groups or surveys.

Compared to past planning efforts, each of the five states reported that they have increased stakeholder involvement in WIOA planning by engaging existing stakeholders to a greater extent, and four of the five states also reported involving new stakeholders. Each of the five states included the six core programs in their plans, as required by WIOA, and four states developed combined plans that also included other partner programs (see table 2).¹⁷ According to state officials, some of these core or other partner programs were involved in previous workforce planning

¹⁷Although California submitted a unified plan, officials noted that they involved some state agencies overseeing non-core programs—such as TANF—in the planning process for the first time, as an initial step in expanding partnerships beyond the core programs.

efforts but had greater involvement in the WIOA planning process, while others were new stakeholders under WIOA. For example, officials in two states said they involved the state agency overseeing the Vocational Rehabilitation program to a greater extent under WIOA, and officials in the other three states said that the WIOA planning process was the first time they involved this agency in workforce planning efforts.¹⁸

Table 2: Other Partner Programs Included in the Combined Workforce Innovation and Opportunity Act (WIOA) Plans for Four Selected States

Program	Colorado	Kentucky	Ohio	Pennsylvania
Career and technical education programs under the Carl D. Perkins Career and Technical Education Act of 2006			x	x
Employment and training activities under the Community Services Block Grant Act				x
Jobs for Veterans State Grants	x	x	x	x
Reintegration of Ex-Offenders				x
Senior Community Service Employment Program	x		x	x
Temporary Assistance for Needy Families	x			x
Trade Adjustment Assistance for Workers	x	x		x
Unemployment Insurance		x		

Sources: Interviews with state workforce board officials in Colorado, Kentucky, Ohio, and Pennsylvania, and the state plans these states submitted to the Departments of Labor and Education by April 2016. | GAO-17-31

Notes:

“Other partner programs” refers to programs in addition to the required core programs: Title I Adult, Title I Dislocated Worker, Title I Youth, Wagner-Peyser Employment Services, Adult Education and Family Literacy Act, and State Vocational Rehabilitation Services (Vocational Rehabilitation).

While GAO’s review also included California, California submitted a unified state plan and is therefore not included in this table. None of the four states listed above included the following “other partner programs” in their state plan: employment and training programs under the Supplemental Nutrition Assistance Program; work programs under the Food and Nutrition Act of 2008; and employment and training activities carried out by the Department of Housing and Urban Development.

Beyond the core and other partner programs included in the state plan, officials in four of the five states reported involving other new stakeholders in WIOA planning. While they varied by state, these new stakeholders included state agencies such as Kentucky Adult Education and the Department of Corrections and Rehabilitation in California, as well as organizations representing particular interests, such as a local chapter of the National Skills Coalition in Colorado and an initiative

¹⁸As previously noted, the Vocational Rehabilitation program is one of the six core programs under WIOA.

supporting better jobs for individuals with disabilities in Ohio.¹⁹ In addition, these new stakeholders included new members of the state workforce development board. For example, in Colorado, officials said they sought new board members with expertise in a variety of areas, including youth and disability issues. In Kentucky, officials told us they focused on identifying new members who could represent the interests of the business community, and that these new members have helped to design career pathways by sharing their knowledge about the skills and certifications needed for in-demand jobs.

Officials in two of the five states reported that this increased involvement from stakeholders enhanced awareness about the roles and services of other related programs. For example, California officials said that through the WIOA planning process, state agencies have exchanged detailed information about their programs, including eligibility requirements, the types of services they provide, and how they deliver these services. In Colorado, officials similarly reported that greater stakeholder involvement led to increased awareness across programs and cross-training of staff. Specifically, officials said they cross-trained more than 1,000 staff from a variety of programs on the eligibility requirements for and services provided by other programs to which they refer job seekers, including the core and other partner programs in the state plan, as well as the unemployment insurance program and career and technical education programs, among others.

In addition, officials in four of the five states—California, Colorado, Kentucky, and Ohio—reported that involving new stakeholders in the planning process uncovered opportunities to better serve individuals with barriers to employment. In Ohio, officials said they involved the state agency that oversees the Vocational Rehabilitation program and advocates for individuals with disabilities in planning efforts for the first time, which helped identify opportunities to better serve these individuals through the workforce system. For example, these officials said that including these stakeholders led them to train staff at all of their one-stop centers on disability awareness. In addition, a Colorado official told us that involving new stakeholders in the planning process led workforce programs to assess their efforts to conduct outreach and provide services to homeless individuals.

¹⁹The National Skills Coalition is a non-profit, non-partisan 501(c)(3) organization that seeks to increase the skills of America's workers through organizing, advocacy, and communications to advance state and federal policies that support this goal.

Overall, officials in each of the five states reported that the WIOA planning process reinforced important lessons from past planning efforts about when and how to obtain stakeholder input. For example, Kentucky officials noted the importance of having all stakeholders—including the business community—provide input into the planning process from the very beginning. Similarly, Colorado officials said they used a transparent planning process that involved county commissioners, local workforce boards, and the business community to ensure buy-in and support for the state plan.

Some Selected States Reported That Supplementing Traditional Labor Market Information Better Aligned Strategies with Employer Needs and Helped Define Regions

Each of the five selected states consulted multiple sources of labor market information (LMI), which helped officials in some states better align career pathways strategies with employer needs, and helped officials in all five states draw regional boundaries and assign local workforce areas to those proposed regions. Specifically, each of the five states reported they supplemented the traditional LMI provided by the state LMI office with real-time LMI,²⁰ and three of them—Colorado, Kentucky, and Ohio—reported validating this information with employers to confirm its accuracy as they developed their state plans.²¹ In these three states, officials said that validating this information with employers helped better align their career pathways strategies with employers' needs. In Colorado, officials said one example is that when they asked employers to review projections that the state would experience a shortage of workers in the medical industry over the next 10 years, employers said they actually would need more workers over a shorter time period. Officials then used this information to focus their career pathways strategies on preparing individuals to fill the jobs projected to have worker shortages by identifying entry-level jobs that could eventually lead to these higher-level jobs. In Ohio, officials said they surveyed

²⁰Traditional LMI includes data systematically collected from employer surveys, administrative sources such as wage records, and interviews with employers. In contrast, real-time LMI aggregates and analyzes online job postings to provide "real-time" information about the hiring and skill needs of employers. In 2013, prior to WIOA's enactment, we reported that some local workforce areas were using real-time LMI to help guide their training efforts. See GAO, *Workforce Investment Act: Local Areas Face Challenges Helping Employers Fill Some Types of Skilled Jobs*, [GAO-14-19](#) (Washington, D.C.: Dec. 2, 2013).

²¹California officials told us that they did not validate LMI with employers during the state planning process due to the size and diversity of the state's economy, but they expect regions and local workforce areas to validate LMI with employers as part of their planning efforts.

employers to identify their most urgent workforce needs and incorporated this information into a searchable online database of in-demand jobs that guided their planning. According to officials, this information from employers helped better align career pathways strategies with employers' needs for workers with certain credentials or certificates.

In each of the five selected states, officials told us they also used multiple sources of LMI to help draw the proposed boundaries of the new regions required under WIOA. Specifically, officials in each of the states said they considered labor market and economic development areas, as required by WIOA, in addition to a variety of other factors. These factors included the locations of key industries, commuting patterns, local workforce areas' existing partnerships across local area boundaries, and where population centers were located.

All Five States Reported They Intend Their State Plans to Provide a High-Level Vision that Allows Flexibility in Responding to Regional and Local Needs

Officials in each of the five states told us that they intend their state plans to provide a high-level vision that allows regions and local areas the flexibility to develop workforce strategies that respond to specific regional and local needs. For example, Colorado officials said they intend their state plan to provide a framework for regional and local entities as they develop career pathways strategies that are driven by the needs of regional industries. The state plan references Colorado's step-by-step guide for building regional career pathways systems, including goals, outcomes, and the roles of different partners. Similarly, California officials described their plan as a broad conceptual framework for building regional and local partnerships rather than an operations manual. The plan requires regions to develop customized "regional sector pathway" programs, which are career pathways programs that help job seekers attain postsecondary credentials that are valued by employers and aligned with regional workforce needs.

To implement their state plans, officials in each of the five states said they have developed, are developing, or plan to develop guidance for regional and local planning, including guidance on implementing career pathways and sector partnerships. For example, in September 2016, California issued guidance for developing regional and local plans which sets the state's policy direction for these plans and clarifies the purpose of the

regional plan as compared to the local plan.²² According to the guidance, the primary purpose of regional plans is to develop regional sector pathway programs, while the primary purpose of local plans is to facilitate job seekers' access to local services that lead to regional sector pathway programs. The state plans to provide additional guidance and technical assistance materials about model regional and local partnerships, including best practices, as local officials develop and implement these plans. In two states, officials told us that regional and local plans were due by June 2016, and in the other three states, officials said they expect regions and local areas to submit these plans by spring 2017.²³ Furthermore, officials in all five states said they expect regional or local plans to address how funding could be shared across programs to implement career pathways and sector partnership strategies, although they acknowledged that these decisions will involve further discussions between state and local partners. Officials in three states said they did not address cost-sharing issues in their state plans because they believed that the state plan was not the right vehicle for addressing these issues or because they did not have sufficient time to make these decisions prior to the submission deadline.²⁴

²²State of California Employment Development Department and California Workforce Development Board, *Directive: Regional and Local Planning Guidance for PY 2017 – 2020*, WSD16-07 (Sept. 16, 2016).

²³In Colorado, officials told us that initial regional and local plans were due in May 2016, and the state board had approved all of these plans as of August 2016. In Pennsylvania, state workforce system guidance required regions and local areas to submit one-year transitional plans by June 2016, and indicated that these plans should serve as the foundation for more robust multi-year regional and local plans in the future.

²⁴WIOA requires regions to establish arrangements for sharing administrative costs, and similar to the previous law, requires local boards and one-stop center partner programs to enter into memoranda of understanding that describe how infrastructure costs for one-stop centers will be shared among programs.

Selected States Reported Addressing Challenges in Designating Regions and Creating Incentives for Regional Collaboration

Officials in the selected states reported facing challenges establishing regions, which they addressed by revising their regional boundaries or increasing the number of regions and by providing incentives for future regional collaboration or innovation. As previously noted, a change under WIOA is that states are required to establish regions, which may be made up of multiple local workforce areas that are to work together to develop regional workforce plans.²⁵ According to DOL, the purpose of these regions is to align workforce development activities and resources with larger regional economic development areas and available resources in order to provide coordinated and efficient services to both job seekers and employers.²⁶ In addition, DOL stated that regional partnerships better support the implementation of sector partnership and career pathways strategies, and may also lower costs and increase the effectiveness of service delivery through greater coordination. As previously noted, officials in each of the five selected states reported that they have made or will make major changes to implement these new regional requirements under WIOA, even though three of the states had some prior experience with regional planning.

To draw proposed regional boundaries and assign local workforce areas to these regions, officials in the five selected states said they reviewed multiple sources of LMI and also consulted with local officials. For example, California officials told us that they developed a draft regional map in consultation with local workforce boards and state workforce associations. Officials in Colorado and Ohio said they considered dividing some local workforce areas into multiple regions in order to reflect regional labor markets or existing economic development regions. Colorado proposed this approach in its initial state plan. Specifically, Colorado officials told us they proposed dividing a large local area that covers most of the state into four different regions to align with regional economies. However, state officials said that when DOL conducted an early review of their state plan during the public comment period before they officially submitted it, DOL officials advised them that they could not divide a single local area into multiple regions. (For Colorado's initial and final regional maps, see appendix II.) DOL's final regulations also reflect this interpretation of WIOA in that they require regions to consist of one or

²⁵As previously noted, regions may consist of one or more local areas. If a region consists of a single local area, it is not subject to regional planning requirements.

²⁶20 C.F.R. § 679.200 (effective Oct. 18, 2016).

more local areas.²⁷ DOL officials explained that if local areas were divided into multiple regions, they would be required to participate in multiple regional planning efforts, which could be burdensome. Given that local areas cannot be split between regions, officials noted the importance of drawing local area boundaries in order to align them with regional economies, although they acknowledged that this can be challenging due to historical and political factors. For example, some local officials may be reluctant to change local area boundaries that have been in place for many years.

Despite their efforts to consult local officials when developing proposed regions, officials in four states said they faced challenges due to local workforce areas' concerns about becoming part of a region, including questions about funding and the possibility that regional priorities could differ from local priorities. As a result, in three states officials told us they revised regional boundaries or increased the number of regions in response to feedback or appeals from local areas. For example, in California, after the state board received and granted appeals from two local areas, officials told us they made minor changes to regional boundaries.²⁸ Officials said that one local area requested it be assigned to a different region due to commuting patterns and its existing relationships with community colleges. Similarly, Colorado officials said that successful state-level appeals from two local areas led them to revise regional boundaries and create two new regions.²⁹ In addition, Ohio officials told us their initial draft plan included five regions but they ultimately designated 10 regions after a local area successfully appealed its local area designation to DOL, and the federal agencies issued final regulations, both of which affected the overall regional configuration.³⁰

²⁷20 C.F.R. § 679.210(d) (effective Oct. 18, 2016).

²⁸California's final regional designation includes 14 regions.

²⁹While the Colorado state board made these changes to the regions in response to appeals from local areas, the board made other changes to the regions in response to DOL's feedback on an early draft of the state plan, as shown in appendix II.

³⁰As previously noted, in practice, states need to designate local areas before they can assign them to regions. In Ohio, one local area appealed its local area designation to the state workforce board, and then to DOL after the state board denied its appeal. After DOL granted this appeal and the federal agencies issued final regulations, Ohio officials identified 10 regions, five of which contain multiple local workforce areas, and five of which contain single local areas. According to DOL officials, local areas in two additional states that were not selected for this review also appealed their local area designations to DOL.

In three of the five states, the next step in their regional planning process is for regions and local areas to develop workforce plans.³¹ DOL and Education officials said they are aware that states have faced challenges designating regions, and plan to provide states with technical assistance on implementing other WIOA regional planning requirements.³² In addition, the agencies have developed the Innovation and Opportunity Network, an online community of practice through which they can facilitate technical assistance, information sharing, and training to help states, regions, and local areas implement WIOA.

To help ensure that regional planning efforts continue to progress, officials in four of the five states reported that their states are providing incentives for collaboration or innovation at the regional level.³³ For example, California officials said the state is using a portion of the governor's discretionary WIOA funding to support the SlingShot initiative, which aims to build the regional coordination and leadership necessary for effective regional planning.³⁴ This initiative supports collaborative efforts by a broad range of stakeholders within a region to identify and then work to solve employment challenges.³⁵ California is also using discretionary funding to support the Workforce Accelerator Fund initiative, which aims to better align existing programs to accelerate employment outcomes for populations with barriers to employment. In Kentucky,

³¹As previously noted, officials in Colorado told us that initial regional and local plans were due in May 2016. Pennsylvania state workforce system guidance required regions and local areas to submit one-year transitional plans by June 2016.

³²DOL and Education also plan to provide states with technical assistance on a wide range of other WIOA implementation issues, including performance requirements and indicators, the competitive procurement of one-stop operators, and funding one-stop infrastructure costs, among others. As of July 2016, agency officials said that they were in the process of prioritizing several of these efforts based on the most immediate needs of WIOA stakeholders over the coming years.

³³Officials in the fifth state told us that while their state provided financial support for the regional planning process as a form of technical assistance, they do not consider this support to be an incentive for collaboration or innovation.

³⁴WIOA requires the governor of each state to reserve not more than 15 percent of certain Adult, Dislocated Worker, and Youth funds for statewide workforce investment activities. For the purposes of this report, we refer to this funding as the governor's discretionary WIOA funding.

³⁵California officials said that under this initiative, regions received \$20,000 in a matching grant to plan strategies for sector partnerships and career pathways. Officials told us that after regional plans are approved by the state board, regions can then qualify for \$1 million to implement these strategies.

officials said the state is supporting regional collaboration and innovation by using the governor's discretionary funding to encourage the development of regional sector partnerships. In addition, a Kentucky official said the state is also using a private grant to fund regional efforts to develop career pathways and sector partnership strategies and ensure that they help job seekers obtain credentials that are valued by employers.

Agency Comments

We provided a draft of this report to the Department of Education and the Department of Labor for review and comment. Both departments provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Labor, the Secretary of Education, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or sherrilla@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

Sincerely yours,



Andrew Sherrill
Director, Education, Workforce, and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

We examined 1) the approaches selected states have taken to develop plans for implementing Workforce Innovation and Opportunity Act (WIOA) provisions related to career pathways, sector partnerships, and regional planning, and 2) the related planning challenges, if any, these states have encountered and how they have addressed them. To address both objectives, we reviewed relevant federal laws, regulations, and guidance; conducted case studies in five states; and interviewed federal Department of Labor (DOL) and Department of Education (Education) officials.

To conduct case studies, we selected five states (California, Colorado, Kentucky, Ohio, and Pennsylvania), which were among those identified by national associations as 1) having substantial experience developing and implementing career pathways, sector partnerships, or regional planning prior to WIOA, and/or 2) making significant changes to implement any of these strategies under WIOA. Specifically, we asked four national associations that represent or have researched the state entities involved in WIOA strategic planning—the National Association of Workforce Boards, National Association of State Workforce Agencies, National Governors Association, and National Skills Coalition—to identify states that met one or both of our selection criteria. Associations could recommend states in any of the following six categories:

- experienced with career pathways strategies;
- experienced with sector partnership strategies;
- experienced with regional planning strategies;
- making significant changes to implement career pathways strategies;
- making significant changes to implement sector partnership strategies; or
- making significant changes to implement regional planning strategies.

To select states that had various levels of experience with these three strategies, we considered input from national associations and reviewed relevant reports. Specifically, we considered the number of recommendations that individual states received, and maximized representation across the categories in which the states were recommended. We also considered the number of associations that recommended an individual state. In addition, we reviewed information from two National Skills Coalition reports on sector partnerships and state plans. All five selected states were mentioned in at least one of these reports.

In the selected states, we interviewed officials including the executive leadership of the state workforce development board, state board members, and state agency officials—such as officials from the state workforce, human services, or education agency—who were involved in developing the state plan. The information we obtained from state officials provides in-depth examples but is not generalizable to all states.

In order to gather further information on their planned strategies and corroborate information from interviews, we reviewed the plans submitted by these five states to DOL and Education and other relevant documentation, such as documents summarizing the state planning process, state board meeting minutes and agendas, state guidance for local workforce areas, and other reports or materials produced by the state board. After reviewing and analyzing information from the states, we asked the state officials we interviewed to review relevant portions of the draft report for accuracy.

We conducted this performance audit from September 2015 to November 2016 in accordance with generally accepted government auditing standards. 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.

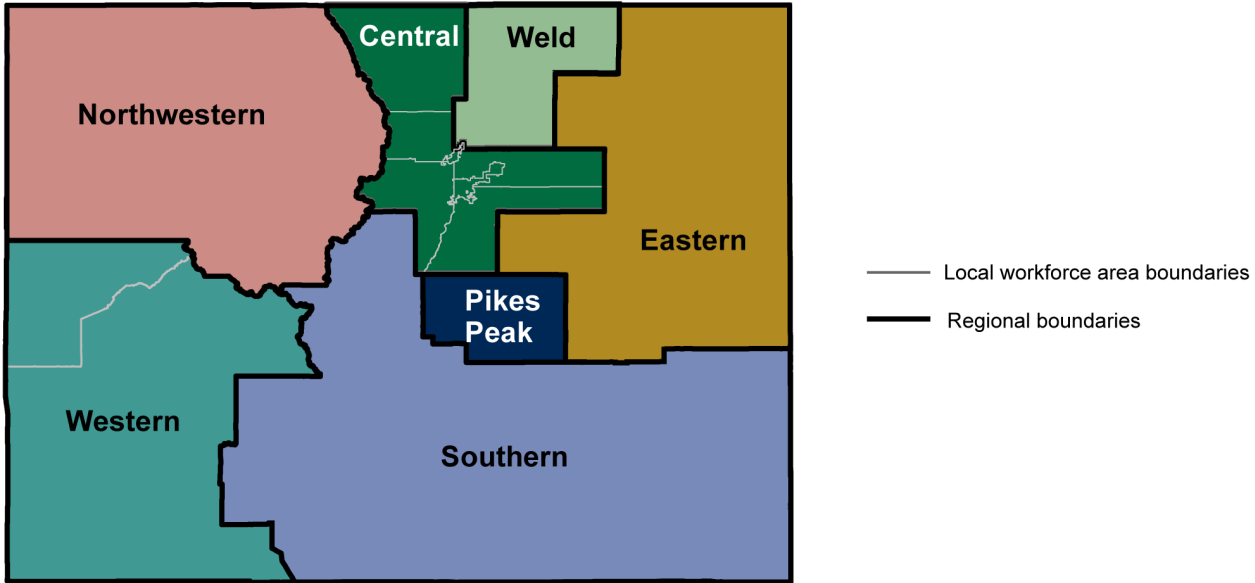
Appendix II: Changes to Colorado's Regions after the Department of Labor Reviewed the Initial State Plan

According to Colorado state workforce board officials, they proposed dividing a large local workforce area that covers most of the state into four different regions to align with regional economies. However, officials said that when the Department of Labor (DOL) conducted an early review of their state plan during the public comment period, before they officially submitted it, DOL officials advised them that they could not divide a single local area into multiple regions (see fig. 2). DOL's final regulations also reflect this interpretation of WIOA in that they require regions to consist of one or more local areas.¹

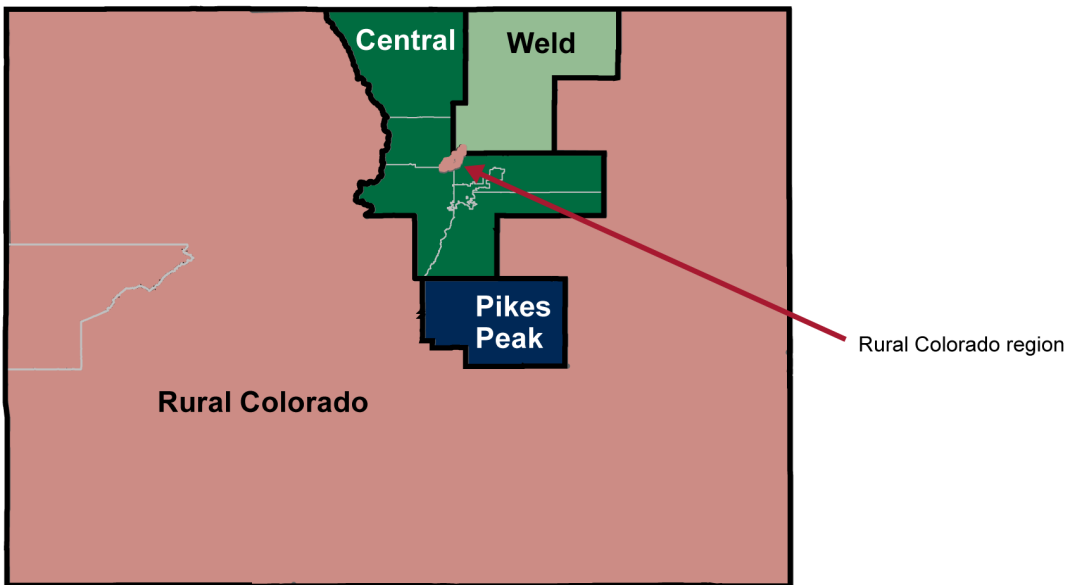
¹20 C.F.R. § 679.210(d) (effective Oct. 18, 2016).

Figure 2: Changes to the Configuration of Workforce Innovation and Opportunity Act (WIOA) Planning Regions in Colorado

Proposed planning regions before the Department of Labor (DOL) reviewed Colorado's initial WIOA state plan



Colorado's final planning regions after DOL reviewed the initial state plan



Source: GAO analysis of information provided by Colorado state workforce board officials. | GAO-17-31

Note: According to Colorado officials, DOL conducted an early review of their initial state plan during the public comment period before they officially submitted it. Officials also noted that they refer to the regions in their state as "planning regions."

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Andrew Sherrill, Director, (202) 512-7215 or sherrilla@gao.gov

Staff Acknowledgments

In addition to the contact named above, Danielle Giese (Assistant Director), Caitlin Croake (Analyst-in-Charge), Jennifer Cook, Adam Gomez, Drew Nelson, and Paul Wright, along with Susan Aschoff, Holly Dye, Suellen Foth, Alex Galuten, Farrah Graham, Thomas James, Bill MacBlane, Dan Meyer, Chris Morehouse, Mimi Nguyen, Michelle Sager, and Almeta Spencer made significant contributions to this report.

Related GAO Products

Workforce Innovation and Opportunity Act: Information on Planned Changes to State Reporting and Related Challenges. [GAO-16-287](#). Washington, D.C.: March 7, 2016.

Workforce Innovation and Opportunity Act: Performance Reporting and Related Challenges. [GAO-15-764R](#). Washington, D.C.: Sept. 23, 2015.

Workforce Investment Act: Local Areas Face Challenges Helping Employers Fill Some Types of Skilled Jobs. [GAO-14-19](#). Washington, D.C.: Dec. 2, 2013.

Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs. [GAO-12-97](#). Washington, D.C.: Jan. 19, 2012.

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