



June 2018

WORKFORCE INNOVATION AND OPPORTUNITY ACT

States and Local Areas Report Progress in Meeting Youth Program Requirements

GAO Highlights

Highlights of [GAO-18-475](#), a report to the Ranking Member, Committee on Health, Education, Labor and Pensions, U.S. Senate

Why GAO Did This Study

Approximately 4.6 million youth ages 16 to 24 were neither in school nor employed in 2016. WIOA, enacted in July 2014, provides, in part, grants to states and local areas to assist youth—particularly out-of-school youth—in accessing employment, education, and training services. It also emphasizes the provision of work experiences to in- and out-of-school youth.

GAO was asked to review how states and local areas are using WIOA grants to serve youth. This report examines (1) what is known about states' and local areas' progress in meeting WIOA spending requirements for serving out-of-school youth and for providing youth with work experiences; (2) how local areas are addressing WIOA's emphasis on serving out-of-school youth and any challenges, and (3) how local areas are addressing WIOA's emphasis on youth work experiences and any challenges. GAO reviewed relevant federal laws, regulations, and guidance; interviewed DOL officials; analyzed DOL state level WIOA youth program expenditure data from program years 2015 and 2016, the most recent data available; surveyed a nationally representative sample of local workforce development areas; and visited nine local workforce development areas in three states selected for their relatively large WIOA Youth funding allotments and relatively high rates of out-of-school youth.

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

View [GAO-18-475](#). For more information, contact Chelsa Gurkin at (202) 512-7215 or gurkinc@gao.gov.

June 2018

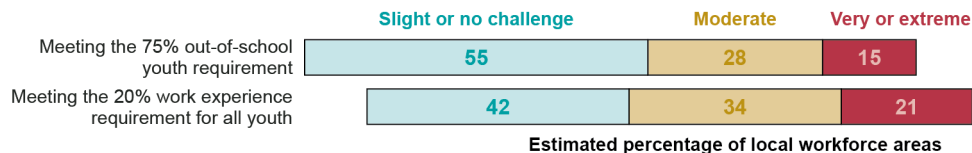
WORKFORCE INNOVATION AND OPPORTUNITY ACT

States and Local Areas Report Progress in Meeting Youth Program Requirements

What GAO Found

Most states reported they were on target to meet the Workforce Innovation and Opportunity Act's (WIOA) requirement to spend 75 percent of their Program Year 2015 and 2016 youth grant funding to serve out-of-school youth, according to Department of Labor (DOL) data. Because deadlines had not arrived for the spending of state youth grant allotments for these program years, compliance could not be determined. Similarly, most local areas reported they were on track to meet the out-of-school youth spending requirement, as well as the requirement that 20 percent of local youth grant funds be spent on providing work experiences to youth. Through GAO's survey, many local areas reported it was not challenging or only slightly challenging to meet the spending requirements, but some reported experiencing greater challenges (see figure). Under WIOA, DOL does not collect local expenditure information, but states must monitor local areas' compliance while DOL monitors state oversight. DOL has taken some steps to determine whether states are carrying out their monitoring responsibilities, including limited on-site monitoring and ongoing dialogue with states. According to DOL officials, the agency's monitoring of the new requirements has thus far focused on providing technical assistance and guidance, but they reported plans for more formal compliance monitoring.

Some Local Workforce Areas Reported Experiencing Greater Challenges in Meeting Workforce Innovation and Opportunity Act Spending Requirements



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer. Percentages do not add to 100 due to rounding and because a small number of survey respondents answered "don't know" or did not respond.

Local areas reported in GAO's survey that they used a combination of strategies to meet the WIOA spending requirement for serving out-of-school youth and to address other related challenges. For example, many local areas reported suspending enrollment of in-school-youth to help meet the requirement to spend 75 percent of youth grant funds on out-of-school youth. In addition, local areas reported having taken steps to address challenges locating, retaining, and serving out-of-school youth in their WIOA-funded programs, including increasing their recruiting efforts and strengthening partnerships with other WIOA programs, state and local government agencies, and community-based organizations.

To meet WIOA's 20 percent spending requirement for work experiences, local areas reported expanding work experience opportunities for youth, most commonly with temporary paid employment. An estimated 81 percent of local areas reported they paid youth participants' salaries, with most paying the entire salary. Many local areas also reported challenges, including youths' lack of job-readiness and employers' reluctance to hire WIOA participants. To address these challenges, local areas reported providing job-readiness training for youth and strengthening partnerships with employers.

Contents

Letter		1
	Background	3
	States and Local Workforce Areas Report Progress in Meeting Spending Requirements	11
	Local Areas Reported Using a Combination of Strategies to Address the Out-of-School Youth Spending Requirement and Related Challenges	19
	Local Areas Used Various Strategies to Meet the New WIOA Work Experience Requirement, Yet Many Reported Challenges	30
	Agency Comments	37
Appendix I	Objectives, Scope, and Methodology	38
Appendix II	GAO Contact and Staff Acknowledgments	44
Related GAO Products		45
Tables		
	Table 1: Workforce Innovation and Opportunity Act (WIOA) Core Programs	4
	Table 2: Expenditure Requirements and Age Eligibility for Youth under the Workforce Investment Act (WIA) and the Workforce Innovation and Opportunity Act (WIOA)	7
	Table 3: Youth Services That Must Be Made Available under the Workforce Investment Act (WIA) and the Workforce Innovation and Opportunity Act (WIOA)	8
Figures		
	Figure 1: WIOA Youth Program Implementation Timeline	6
	Figure 2: WIA and WIOA Youth Program Allotments, Program Years 2012 to 2017	10
	Figure 3: Number of States Spending More or Less Than 75 Percent of Their Expended WIA and WIOA Youth Grant Funds on Out-of-School Youth, Program Years 2014-2016	13

Figure 4: Percentage of Nationwide Expended WIA or WIOA Youth Grant Funds Spent on Out-of-School Youth, Program Years 2012 to 2016, as of September 30, 2017	15
Figure 5: Most Local Workforce Areas Self-reported Spending Greater than the 20 Percent of Workforce Innovation and Opportunity Act (WIOA) Youth Funds on Work Experience in PY2016	17
Figure 6: Some Local Workforce Areas Reported Experiencing Greater Challenges in Meeting Workforce Innovation and Opportunity Act Spending Requirements	18
Figure 7: Trends in Numbers of Out-of-School, In-School, and Total Youth Receiving WIA or WIOA Funded Services, Program Years 2012 to 2016	21
Figure 8: Estimated Percent of Local Workforce Areas Reporting Specific Challenges as Moderately or Very Difficult When Recruiting, Enrolling, or Serving Out-of-School Youth	23
Figure 9: Estimated Percentage of Local Workforce Areas Reporting Using Specific Approaches to Recruit Out-of-School Youth to a Great or Very Great Extent	26
Figure 10: Local Workforce Areas Reported Providing Several Types of Work Experiences to Youth to Various Extents in PY2016	31
Figure 11: Local Workforce Areas Used Several Strategies to Differing Extents to Meet the Work Experience Spending Requirement	32
Figure 12: Local Workforce Areas Overwhelmingly Paid the Entire Salary of Youth in Paid Work Experiences in PY2016	33
Figure 13: Local Workforce Areas Reported Numerous Challenges Connecting Youth with Work Experiences	34

Abbreviations

DOL	Department of Labor
Education	Department of Education
PY	Program year
TANF	Temporary Assistance for Needy Families
WIA	Workforce Investment Act
WIOA	Workforce Innovation and Opportunity Act

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



June 15, 2018

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

Dear Senator Murray:

Approximately 4.6 million youth aged 16 to 24 were neither in school nor employed in 2016.¹ The Workforce Innovation and Opportunity Act (WIOA), which helps job seekers access employment, education, and training services, includes youth formula grants that have measures to emphasize services to out-of-school youth.² Primarily administered by the U.S. Departments of Labor (DOL) and Education (Education), WIOA superseded the Workforce Investment Act (WIA), and most provisions became effective on July 1, 2015. WIOA includes a requirement that at least 75 percent of youth formula grant funds be spent on services to out-of-school youth. In addition, it requires that at least 20 percent of local youth grant funds be spent on the provision of work experiences to all youth served by WIOA, both in- and out-of-school.³ Program performance is measured by outcomes including employment rate, median earnings, and credential attainment.

You asked us to review how states and local areas are using WIOA grants to serve out-of-school youth and provide youth with work experiences. This report examines (1) what is known about states' and local areas' progress in meeting the WIOA spending requirements for serving out-of-school youth and providing youth with work experiences, (2) how local areas are addressing WIOA's emphasis on serving out-of-

¹Measure of America of the Social Science Research Council, *More than a Million Reasons for Hope: Youth Disconnection in America Today* (March 2018). Measurements of disconnected youth in this report are based on U.S. Census Bureau American Community Survey data

²Pub. L. No. 113-128, 128 Stat. 1425.

³WIOA refers to grants provided by DOL to states for youth workforce investment activities as "state allotments" and sub-grants provided by states to localities as "within-state allocations." 29 U.S.C. §§ 3162-63. For ease of reference, throughout this report we refer to state allotments as "state grants" or "state youth grants" and within-state allocations as "local grants" or "local youth grants."

school youth and any challenges they have encountered, and (3) how local areas are addressing WIOA's emphasis on youth work experiences and any challenges they have encountered.

To answer all of our research objectives we reviewed relevant federal laws, regulations, guidance, and data. We also conducted an online survey of workforce development area leadership. We administered our survey via email to a stratified, random sample of workforce development area leaders from 130 local areas across the country.⁴ We received 106 completed surveys.⁵ Results of our survey can be generalized to the entire population of local areas in the 50 U.S. states and the District of Columbia. All percentage estimates in this report derived from this survey have a margin of error of plus or minus 10 percentage points or fewer, unless otherwise noted. In addition, we interviewed state workforce agency officials in three states; Arizona, Michigan, and Texas. In each of those states we visited three local workforce areas and interviewed WIOA practitioners, including Workforce Development Board members and staff, youth service-provider staff, community youth organizations, and educators. We selected the three states primarily due to their relatively high rates of disconnected youth and relatively large WIOA state youth grant allotment for program year (PY) 2016, the most recent allotment data available at the time of selection.⁶ Our selection of local areas within states prioritized those with higher rates of disconnected youth and considered population density to ensure balanced representation from urban and rural areas.

We also conducted interviews with DOL officials in headquarters and three regional offices to learn more about the agency's administration of WIOA and to identify the steps the agency is taking to monitor states' and

⁴For ease of reference, throughout this report we refer to local workforce development areas as "local workforce areas" and "local areas."

⁵The 106 local workforce areas that responded to our survey were part of a generalizable stratified random sample of 130 local areas which we drew from a sample frame of 543 local areas. We stratified the sample frame into two mutually exclusive strata. To ensure local areas serving larger populations were included in the sample, one stratum included the largest 20 metropolitan areas in the United States with a workforce development board within the city, as well as an additional 13 that represent an entire state—a total of 33 local areas. We grouped a random sample of the remaining local areas into a second stratum consisting of 97 local areas. Our survey achieved a weighted response rate of 82 percent.

⁶For our analysis, disconnected youth are defined as teenagers and young adults between the ages of 16 and 24 who are neither in school nor working.

local areas' progress in meeting selected WIOA youth program requirements. To assess state spending patterns, we reviewed federal program data on WIOA youth expenditures and determined their reliability. We found the data to be reliable for the purposes of our reporting objectives. To assess local area spending patterns, we included questions in our survey that asked local areas to self-report the percentage of their WIOA youth grant that they spent on out-of-school youth and work experiences, respectively, for PY2016. We did not independently determine state or local expenditures. In addition, we reviewed DOL guidance and technical assistance to identify the measures the agency is taking to help states and local areas meet program requirements and deliver services to out-of-school youth and work experiences to all youth served by WIOA. We also requested and received DOL documentation to better understand the scope of DOL's efforts to ensure the reliability of WIOA youth program data. See appendix I for more information on our objectives, scope, and methodology.

We conducted this performance audit from December 2016 to June 2018 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

The Workforce Innovation and Opportunity Act (WIOA)

WIOA was designed, in part, to deliver a broad array of integrated services to customers of the public workforce system, including individuals seeking jobs and skills training, and employers seeking skilled workers. WIOA authorizes six core programs, including youth formula grants, with four programs administered by DOL and two by Education, as described in table 1. Program participants, including youth, may co-enroll in multiple WIOA core programs, such as the adult education or vocational rehabilitation programs, if they meet eligibility requirements for each. The core programs are generally required to report on common performance indicators, such as how many workers entered and retained employment, their median wages, whether they attained credentials, and

their measurable skill gains.⁷ The law also includes new requirements for state workforce development plans to unify workforce strategies across the six core programs.⁸

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

Administered by Department of Labor (DOL):^a		Ages eligible
Title I Adult	Provides training and services, such as occupational skills training, career counseling, and job searches	18 years or older
Title I Dislocated Worker	Provides the same services as the Title I Adult program for those who, generally, among other criteria, anticipate or have been terminated or laid-off or who were self-employed	18 years or older
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	In-school youth: 14-21 Out-of-school youth: 16-24
Title III Wagner-Peyser Employment Services	Provides employment services, including job searches and placement assistance, and referrals to employers	No age restriction
Administered by Department of Education (Education):^b		
Title II Adult Education and Family Literacy Act	Generally assists older youth and adults, including English language learners, in becoming literate or achieving proficiency in English, completing a secondary school education, and obtaining the knowledge and skills necessary for employment and self-sufficiency and to assist in their children's educational development	16 years or older
Title IV State Vocational Rehabilitation Services	Provides services such as counseling, job training, job search and placement assistance, disability-related skills training, assistive technology, and supported employment, to assist individuals with disabilities, including students and youth with disabilities, prepare for, secure, retain, advance in, or regain employment.	No age restriction ^c

Source: GAO analysis of the Workforce Innovation and Opportunity Act and information from the Congressional Research Service. | GAO-18-475

^aDOL's Employment and Training Administration administers these programs and oversees their implementation, which is carried out by state workforce agencies and local workforce development

⁷WIOA includes six primary indicators of performance: employment rate in the second quarter after program exit, employment rate in the fourth quarter after program exit, median earnings in the second quarter after program exit, credential attainment, measurable skill gains, and effectiveness in serving employers. For the WIOA Title I Youth program, unsubsidized employment, enrollment in education activities, or enrollment in training activities, are considered successful outcomes for the two employment-related measures. In past work, GAO examined WIOA performance reporting. See GAO, *Workforce Innovation and Opportunity Act: Performance Reporting and Related Challenges*, [GAO-15-764R](#) (Washington, D.C.: Sept. 23, 2015) and 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).

⁸See GAO, *Workforce Innovation and Opportunity Act: Selected States' Planning Approaches for Serving Job Seekers and Employers*, [GAO-17-31](#) (Washington, D.C.: Nov. 15, 2016).

boards. The local board selects the entities that will operate American Job Centers (formerly called one-stop centers) to provide services.

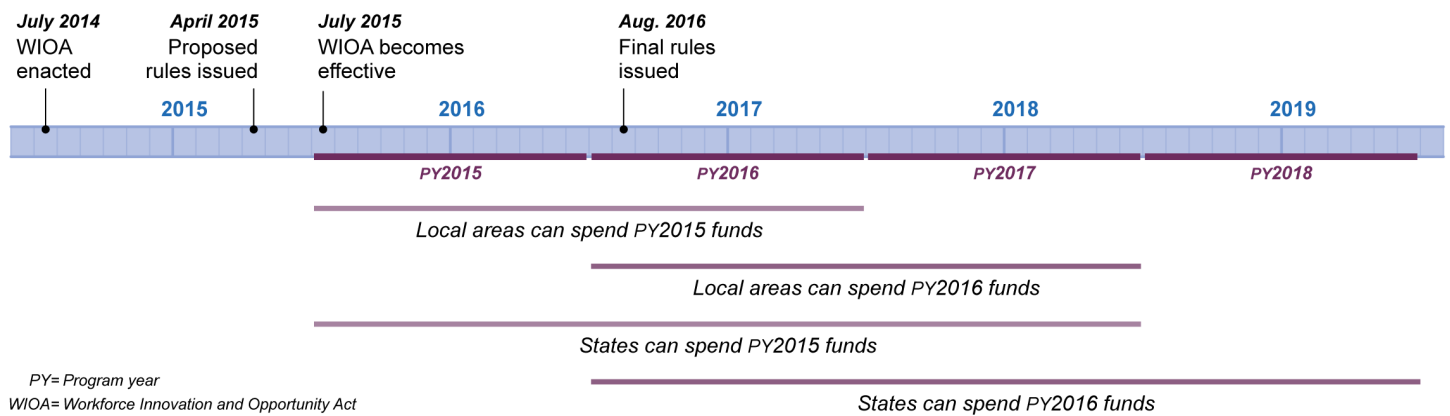
^bTo implement the Adult Education and Family Literacy Act, Education's Office of Career, Technical, and Adult Education (OCTAE) provides grants to states, which in turn distribute most of the federal funds to local adult education providers. The local provider network includes organizations such as local educational agencies, community colleges, community-based organizations, and volunteer literacy organizations. Education's Rehabilitation Services Administration provides grants to states to administer the Vocational Rehabilitation program. Currently, 33 states have agencies serving all individuals with disabilities while 23 states 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, human service, or disability program agencies, or elsewhere.

^cWhile the Vocational Rehabilitation program does not have an age restriction generally, section 7(42) of the Rehabilitation Act of 1973, as amended, sets a minimum age of 14 years old and maximum age of 24 years old for a "youth with disability." Additionally, the definition of "student with a disability," in sections 7(37) and 12(c) of the Rehabilitation Act of 1973, as amended, includes minimum and maximum ages and other criteria. To receive pre-employment transition services under the Vocational Rehabilitation program, an individual must meet the definition of "student with a disability."

Most provisions of WIOA became effective on July 1, 2015, superseding the Workforce Investment Act (WIA) of 1998. The Departments of Labor and Education issued the final regulations in August 2016, just after the close of the first full WIOA program year. Figure 1 shows the timing of key actions in implementing WIOA and timeframes governing state and local spending of initial youth grants. As illustrated, compliance is determined over the period for which funds are available, rather than on a program year basis. States have 3 years after the start of the program year to expend each program year's youth funds, and local areas have 2 years.⁹

⁹Funds that localities do not expend within the prescribed 2-year period must be returned to the state, and these returned funds can only be expended in one of two ways: 1) by states on statewide projects or, 2) by localities, if the governor chooses to reallocate the returned funds to eligible local areas. These funds must be expended by the state, or local area if reallocated, by the end of the third program year after the initial state allotment. 20 C.F.R. § 683.110.

Figure 1: WIOA Youth Program Implementation Timeline



Source: GAO analysis of relevant federal law, *Federal Register* notices, and Department of Labor guidance. | GAO-18-475

Note: Local areas have 2 years after the start of the program year to expend WIOA youth funds. States have 3 years after the start of the program year to expend WIOA youth funds. The PY2015 youth allotment was distributed in April 2015 for preparation and programmatic activities for WIOA Youth implementation on July 1, 2015. If local areas do not expend allocated funds within the initial 2-year period, these funds must be returned to the state, and can only be expended in one of two ways: 1) by states, on statewide projects, or 2) by local areas, if the governor chooses to reallocate the returned funds to eligible local areas. These funds must be expended by the state, or local area if reallocated, by the end of the third program year after the initial state allotment.

Youth Program Changes

WIOA also emphasized improving opportunities for populations with significant barriers to employment, including out-of-school youth.¹⁰ We have previously reported that disconnected youth (those neither in school nor employed) may experience challenges successfully transitioning to adulthood.¹¹ Disconnected youth are more likely than in-school youth to have characteristics and/or circumstances that can pose obstacles to employment, such as a lack of stable housing or transportation, parenting responsibilities, disabilities, limited basic skills, criminal convictions, or lack of adult support. In addition, WIOA emphasizes work experiences for youth—both in- and out-of-school youth—including paid and unpaid work, pre-apprenticeships, and internships.

¹⁰“Out-of-school youth” include individuals not younger than age 16 or older than age 24, who are not attending any schools, as defined by state law, and meet one or more components of statutorily enumerated criteria. “In-school youth” include individuals who are attending school, as defined by state law, are not younger than age 14 or older than age 21, are low-income, and meet one or more components of statutorily enumerated criteria. For more information on these definitions see 29 U.S.C. § 3164.

¹¹GAO, *Disconnected Youth: Federal Actions Could Address Some of the Challenges Faced by Local Programs That Reconnect Youth to Education and Employment*, [GAO-08-313](#) (Washington, D.C.: Feb. 28, 2008).

To ensure states and local areas emphasized services to out-of-school youth and youth work experiences, WIOA introduced new expenditure requirements for each.¹² WIOA also changed the age range of eligible youth (see table 2). However, DOL has broad authority to issue waivers to individual states or local areas, exempting them from meeting certain requirements, including those relating to expenditures.¹³

Table 2: Expenditure Requirements and Age Eligibility for Youth under the Workforce Investment Act (WIA) and the Workforce Innovation and Opportunity Act (WIOA)

WIA	WIOA
Specific Expenditure Requirements	
States and local areas generally must spend at least 30 percent of WIA youth grant funds on out-of-school youth.	States and local areas generally must spend at least 75 percent of WIOA youth grant funds on out-of-school youth. ^a
	Local areas must spend at least 20 percent of WIOA youth grant funds on paid and unpaid work experiences for in-school and out-of-school youth.
Age Range for Eligible Youth	
Eligible youth must be not younger than age 14 and not older than age 21.	In-school youth must be not younger than age 14 and not older than age 21. Out-of-school youth must be not younger than age 16 and not older than age 24.

Source: Analysis of the Workforce Investment Act and Workforce Innovation and Opportunity Act | GAO-18-475

^aCompliance with expenditure requirements is determined over the period for which funds are available, rather than on a program year basis. States have 3 years after the start of the program year to expend program funds and local areas have 2 years.

In addition to the new spending requirements and eligible age range, WIOA changed the services local areas are required to make available to youth, as appropriate. Specifically, 2 of WIA's 10 program services were combined, and 5 new services were added, bringing the total to 14 (see table 3). In general, WIOA's youth program elements support career readiness as a youth transitions from basic educational attainment to occupational skills training and work opportunities, then to post-secondary education or unsubsidized employment.

¹²29 U.S.C. § 3164.

¹³29 U.S.C. § 3249(i).

Table 3: Youth Services That Must Be Made Available under the Workforce Investment Act (WIA) and the Workforce Innovation and Opportunity Act (WIOA)

	WIA Services	WIOA Services
1	Tutoring, study skills training, and instruction leading to completion of secondary school, including dropout prevention strategies	Tutoring, study skills training, instruction, and evidence-based dropout prevention and recovery strategies that lead to completion of the requirements for a secondary school diploma or its recognized equivalent (including a recognized certificate of attendance or similar document for individuals with disabilities) or for a recognized postsecondary credential
2	Alternative secondary school services, as appropriate	Alternative secondary school offerings or dropout recovery services, as appropriate
3	As appropriate, paid and unpaid work experiences, including internships and job shadowing	Paid and unpaid work experiences with an academic and occupational education component (can include (i) summer employment opportunities and other employment opportunities available throughout the school year; (ii) pre-apprenticeship programs; (iii) internships and job shadowing; and (iv) on-the-job training opportunities) ^a
4	Occupational skill training, as appropriate	Occupational skill training, with a focus on recognized postsecondary credentials and in-demand occupations
5	Leadership development opportunities, which may include community service and peer-centered activities encouraging responsibility and other positive social behaviors during non-school hours, as appropriate	Leadership development opportunities, which may include community service and peer-centered activities encouraging responsibility and other positive social and civic behaviors, as appropriate
6	Supportive services, such as assistance with transportation, child care, housing, etc.	Supportive services, such as assistance with transportation, child care, housing, etc.
7	Adult mentoring for the period of participation and a subsequent period, for a total of not less than 12 months	Adult mentoring for the period of participation and a subsequent period, for a total of not less than 12 months
8	Follow-up services for not less than 12 months after the completion of participation, as appropriate	Follow-up services for not less than 12 months after program completion, as appropriate
9	Comprehensive guidance and counseling, which may include drug and alcohol abuse counseling and referral, as appropriate	Comprehensive guidance and counseling, including drug and alcohol abuse counseling, as appropriate
10	Summer employment opportunities that are directly linked to academic and occupational learning	Integrated education and training for a specific occupation or occupational cluster ^b
11		Financial literacy education ^b
12		Entrepreneurial skills training ^b
13		Services that provide labor market information about in-demand industry sectors and occupations ^b
14		Activities that help youth prepare for and transition to postsecondary education and training ^b

Source: GAO analysis of WIA and WIOA | GAO-18-475

Note: DOL refers to these services as “Program Elements.”

^aWIOA combines elements that were separate under WIA (elements 3 and 10).

^bNew element under WIOA.

Funding and Organization

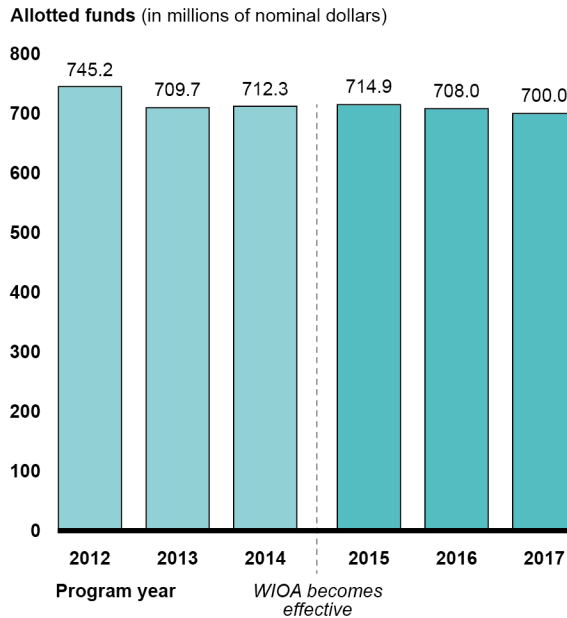
Since 2011, total youth formula grants to states—under WIA and then WIOA—have fluctuated but declined overall, with \$700,044,855 being allotted to the 50 states and the District of Columbia for all WIOA youth activities in PY2017 (see fig. 2).¹⁴ Under WIOA Title I, DOL administers youth grants to states based on a formula reflecting the distribution of unemployment and economically disadvantaged youth.¹⁵ In general, states allocate funds to local areas based on a similar formula.¹⁶ In addition to changes in federal grant funding, fluctuations in unemployment and estimates of disadvantaged youth affect annual state and local grants.

¹⁴Total allotted funds exclude a percentage of each state's allocation which the governor of each state may choose to reserve for statewide activities. Analyses in this report include the fifty states and the District of Columbia and exclude U.S. territories.

¹⁵Specifically, the formula is based on the following measures, giving equal weight to each, 1) State relative share of total unemployed in areas of substantial unemployment, 2) State relative share of excess unemployed individuals; and, 3) State relative share of economically disadvantaged youth.

¹⁶According to a study funded by DOL, little is known about how local areas spend the funds allocated to them by the state. The study's examination of 28 local areas' spending of PY2011 and PY2012 WIA funds showed the breakdown was as follows: 32 percent spent on staff, 23 percent on overhead costs, 22 percent on participant training, 6 percent on other uses, and 3 percent on supportive services. Another 14 percent were funds carried over to the next year. See McCutcheon, AnnaMaria and Matri, Annalisa, *How Do Local Workforce Investment Areas Spend Their Formula Funds?*, Mathematica Policy Research, November, 2015.

Figure 2: WIA and WIOA Youth Program Allotments, Program Years 2012 to 2017



Source: GAO analysis of Department of Labor data. | GAO-18-475

Note: The Workforce Innovation and Opportunity Act (WIOA) became effective in July 2015, superseding the Workforce Investment Act (WIA). Funding amounts reflect funds allotted to the 50 states and the District of Columbia minus the governor's reserve set-aside that can be used for statewide workforce investment activities. WIOA allows governors to set aside as much as 15 percent of funds allotted to states; the percentage of funds set-aside over this time period was sometimes less than that.

Governors establish state Workforce Development Boards that help guide implementation of WIOA by developing state plans, crafting statewide WIOA policies, and assisting local boards in the planning and delivery of WIOA services, among other duties. The state Boards must include a majority share of leaders in the state business community as well as representation from the state legislative and executive leadership, and labor organizations, and may include community-based organizations and service providers. Local Workforce Development Boards operate under state Boards and perform several roles, including developing local WIOA

plans, contracting with service providers, providing oversight of youth activities, and selecting American Job Center operators.¹⁷

As was the case with WIA, WIOA provides significant flexibility to states and local areas to design and operate their WIOA programs to best suit local needs. For example, some local Workforce Development Boards provide direct services to youth while others contract with one or more organizations to provide the WIOA youth program services. In addition, services can be provided to youth at the workforce area's American Job Center, a separate youth center, service providers' offices, other locations in the community, or a combination of these sites. Local service providers work with each youth participant to develop an individual service strategy, which is a combination of services connected to a career pathways plan and tailored to the youth's needs. Local workforce areas generally must make available all 14 program services, though youth are not required to participate in all services.

States and Local Workforce Areas Report Progress in Meeting Spending Requirements

Most States Appear on Track to Meet Targets for Spending on Out-of-School Youth

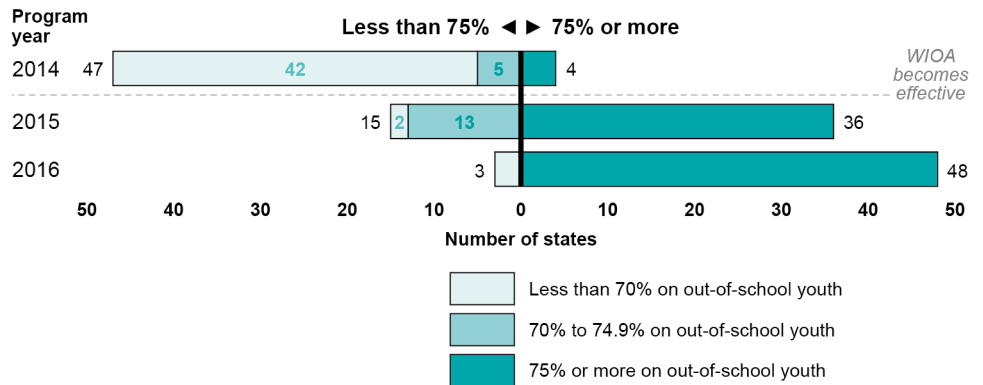
Complete data on the spending of youth grants allocated to states for the first 2 program years of WIOA (PY2015 and PY2016) were unavailable during our review, but available data states reported to DOL showed a growing number of states were on target to expend at least 75 percent of their youth formula grant on out-of-school youth (see fig. 3). Nationally, as of September 30, 2017, states reported spending over 99 percent of their WIOA youth grant program funds allotted in PY2015, and 36 states had spent 75 percent or more of their expended funds on out-of-school youth

¹⁷Located throughout the United States, American Job Centers are funded by DOL's Employment and Training Administration and by partner programs that are required by WIOA to contribute to the centers' costs. Staff at the centers provide assistance to job-seekers such as resume writing, career exploration, job searches, training, referrals, career counseling, and other employment-related services. DOL makes available on its website a map of all American Job Centers: <https://www.doleta.gov/usworkforce/onestop/onestopmap.cfm>.

(with an additional 13 states having spent between 70 and 75 percent). Twenty-nine states reported having spent all of their PY2015 funds, and of these states, 21 had spent 75 percent or more on out-of-school youth. The remaining 8 fell short of the level generally required by statute. However, for PY2015 specifically, DOL officials told us that the agency used its transition authority to modify the requirement.¹⁸ For that program year, DOL allowed states that could not meet the 75 percent requirement to spend a minimum of 50 percent of funds on out-of-school youth (rather than 75 percent) if they spent at least 10 percentage points more on these youth than in the previous program year. Applying this standard to DOL data on state spending, all but two states were on track to meet the modified requirement for PY2015 funds.

¹⁸The Secretary of Labor has the authority to modify WIOA youth grant requirements under transition authority, to provide for the orderly transition from WIA to WIOA, as well as ongoing waiver authority. For more information see 29 U.S.C. § 3343 (transition authority) 29 U.S.C. § 3249(i) (waiver authority). The modified requirement for PY2015 funds also applied to local areas.

Figure 3: Number of States Spending More or Less Than 75 Percent of Their Expended WIA and WIOA Youth Grant Funds on Out-of-School Youth, Program Years 2014-2016



Source: GAO analysis of Department of Labor data. | GAO-18-475

Note: The Workforce Innovation and Opportunity Act (WIOA) became effective in July 2015, superseding the Workforce Investment Act (WIA). This analysis included data for 50 states and the District of Columbia. Figures based on the percent of funds expended rather than the percent of total allotted funds and capture expenditures through September 30, 2017 (9 of 12 quarters of data for program year (PY) 2015 and 5 of 12 quarters for PY2016 allotments). Over 99 percent of allotted PY2015 funds have been expended and no state has spent less than 91 percent of PY2015 funds. Seventy-seven percent of PY2016 funds have been expended. As of September 30, 2017, four states had spent less than 50 percent of their PY2016 allotments. Local areas have 2 years after the start of the program year, and states have 3 years, to spend WIOA youth grant funds, so data presented represent the percent of expended funds spent on out-of-school youth. For PY2015, DOL exercised its transition authority to allow all states to spend at least 50 percent of their grant on out-of-school youth and at least 10 percentage points more than they spent in the previous year rather than meeting the 75 percent requirement (Training and Employment Guidance Letter 23-14). All but two states were on track to meet this requirement in PY2015. In PY2014 under WIA, states were only required to spend 30 percent of their youth grant funds on out-of-school youth. These data are provided for comparison purposes. In PY2014, 38 states spent 50 percent or more of their youth grant funds on out-of-school youth.

Available DOL data also suggest most states are making progress in meeting the out-of-school youth spending requirement for their PY2016 youth funds. The rate at which states are spending their PY2016 funds varies, but as of September 30, 2017, states had collectively spent approximately 77 percent of their allotments.¹⁹ As of that date, 48 states had spent 75 percent or more of their expended funds on out-of-school youth. Only 4 states reported they had spent all of their PY2016 funds, and of those 4, all had spent more than 75 percent on out-of-school

¹⁹Since data reflect 5 of 12 spending quarters, a state that spent at a constant rate would have spent approximately 42 percent of funds across these 5 quarters. As of this date, all but three states were exceeding this rate.

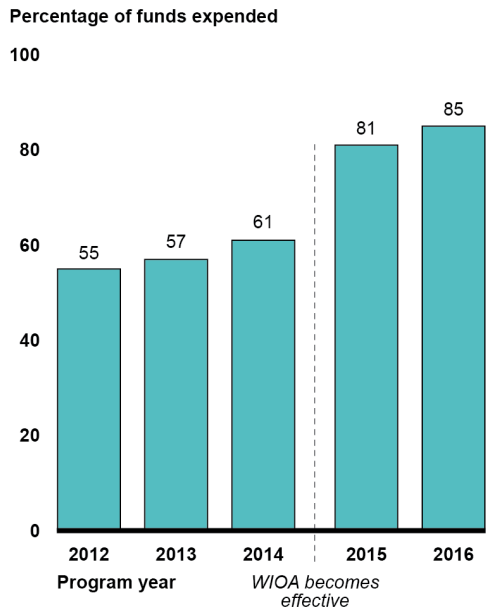
youth. States that have not yet spent all of their youth funds nor met the requirement to spend 75 percent of their PY2015 or PY2016 funds on out-of-school youth may still do so by the end of the 3-year period, ending June 30, 2018 for PY2015 funds, and June 30, 2019 for PY2016 funds. Conversely, states that are currently at or above the 75 percent level, with substantial funds left to spend, may fall below that level by the end of the 3-year spending period.²⁰

Past federal emphasis on serving out-of-school youth, and many states' experience in doing so, may partially account for states' progress in meeting WIOA's higher spending targets for this population. As far back as 2002, DOL guidance had emphasized serving out-of-school youth.²¹ Even before WIOA went into effect, many states were exceeding the existing WIA requirement to spend 30 percent of their WIA youth grant funds on out-of-school youth, with nationwide levels exceeding 50 percent since 2012 (see fig. 4). State workforce board officials in the three states we visited reported that they did not need to make significant changes to their youth programs to meet the new spending requirement. For example, in Texas, officials told us that the state had anticipated the increased focus on out-of-school youth for a number of years. In response, in the years before WIOA, it began steering more of its WIA youth grant funds toward serving out-of-school youth. According to this state official, in PY2006, Texas increased the percentage of youth grant funds that local areas must spend on out-of-school youth from 30 (the requirement under WIA) to 45 percent, and raised the requirement again in PY2007 to 65 percent.

²⁰Our analysis should not be used to make conclusions about legal compliance with WIOA requirements.

²¹DOL, Employment and Training Administration, Training and Employment Guidance Letter 28-01, May 20, 2002.

Figure 4: Percentage of Nationwide Expended WIA or WIOA Youth Grant Funds Spent on Out-of-School Youth, Program Years 2012 to 2016, as of September 30, 2017



Source: GAO analysis of Department of Labor data. | GAO-18-475

Note: The Workforce Innovation Opportunity Act (WIOA) became effective in July 2015, superseding the Workforce Investment Act (WIA). This analysis included data for 50 states and District of Columbia. Prior to 2015, states and local areas were required to spend 30 percent of their WIA youth grant on out-of-school youth. Local areas have 2 years after the start of the program year and states have 3 years to spend WIOA youth grant funds. For program year (PY) 2015 funds, all states reported spending at least 91 percent of allotted WIOA youth grant funds as of September 30, 2017. For PY2016, three states—Arizona, Hawaii, and Washington, D.C.—reported having spent less than 42 percent of their allotted funds as of September 30, 2017 (42 percent is the percentage states would have spent through 5 quarters if they spent funds at a constant rate throughout the 3-year spending period).

Local Areas Reported Being on Track to Meet WIOA Spending Requirements

Similar to states, most local workforce areas we surveyed reported that they were on track to meet the requirement that they spend 75 percent of their WIOA youth grant funds on out-of-school youth. They also reported they were making progress on the requirement that they spend 20 percent of their funds providing work experience to all youth served by WIOA (in- and out-of-school).

With respect to the out-of-school youth spending requirement, approximately 76 percent of survey respondents reported spending at or

above the required level, and 3 percent reported spending below it.^{22,23}

The majority of local workforce areas reported that meeting the spending requirement on out-of-school youth was not challenging or only slightly challenging.²⁴ Likewise, staff in several local workforce development areas we visited told us that meeting the out-of-school youth spending requirement was not a significant challenge. An estimated 15 percent of those surveyed reported that meeting the spending target for out-of-school youth in PY2016 was very or extremely challenging.²⁵

A majority of local workforce areas we surveyed also reported they were on track to meet the requirement to spend 20 percent of local WIOA youth grant funds on work experiences for both in- and out-of-school youth.²⁶ While work experience was a youth program element under WIA, spending a specific percentage of WIOA funds on the service is a new requirement and applies only to local areas and not to states. Based on our survey, we estimate that approximately two-thirds of local workforce areas reported spending 20 percent or more of their PY2016 youth funds

²²All percentage estimates from the survey are based on self-reported information and have margins of error at the 95 percent confidence level of plus or minus 10 percentage points or less, unless otherwise noted.

²³An estimated 21 percent of local workforce areas did not respond to this survey question which asked, "What percent of your WIOA youth formula grant did your workforce development area spend on out-of-school youth in PY2016?" and which was used to calculate the percentage of workforce development areas spending above 75 percent of WIOA youth grant funds on out-of-school youth..

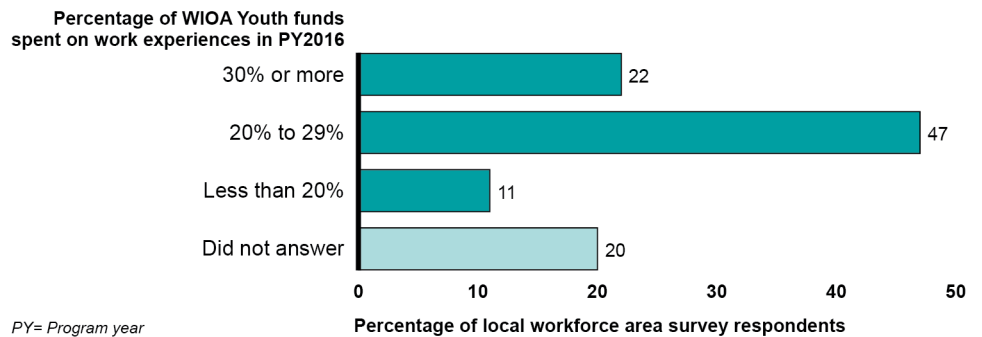
²⁴DOL has the authority to waive certain WIOA requirements. 29 U.S.C. § 3249(i). According to DOL officials, as of March 1, 2018, three states had requested and been approved for waivers related to the requirement to spend 75 percent of their WIOA youth grant funds on out-of-school youth. These waivers allowed states to calculate the 75 percent threshold at the state, rather than local level, and in two of the three cases to lower the threshold from 75 percent to 50 percent. Calculating the threshold at the state level could allow states to meet the requirement even if some local areas are unable to spend 75 percent of their funds on out-of-school youth. DOL makes information about waiver decisions publically available on its website at https://www.doleta.gov/wioa/WIOA_Waivers.cfm.

²⁵Survey responses do not indicate that the spending requirement has been met, but rather the view of the locality regarding the difficulty of meeting the requirement. Furthermore, these are self-reported data and GAO did not verify local spending. Our analysis should not be used to make conclusions about legal compliance with WIOA requirements.

²⁶According to DOL officials, as of March 1, 2018, one state had requested a waiver of the 20 percent work experience requirement, but this waiver was not approved.

on work experiences (see fig. 5), but around 11 percent reported spending less.²⁷

Figure 5: Most Local Workforce Areas Self-reported Spending Greater than the 20 Percent of Workforce Innovation and Opportunity Act (WIOA) Youth Funds on Work Experience in PY2016



PY= Program year

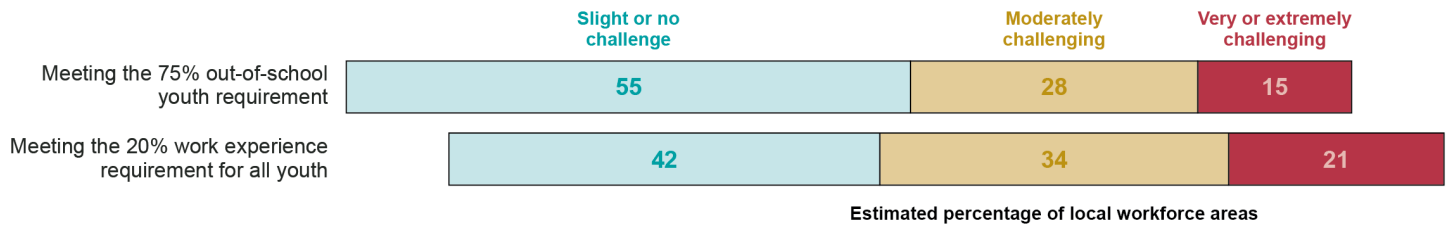
Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer.

In general, many local workforce areas reported that it was not challenging or only slightly challenging to meet WIOA’s spending requirements for serving out-of-school youth and the provision of work experiences. However, an estimated 15 percent reported that meeting the out-of-school youth requirement was very or extremely challenging, and around 21 percent reported the same about the work experience requirement (see fig. 6).

²⁷Twenty percent of survey respondents did not answer this question.

Figure 6: Some Local Workforce Areas Reported Experiencing Greater Challenges in Meeting Workforce Innovation and Opportunity Act Spending Requirements



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer. Percentages do not add to 100 due to rounding and because a small number of respondents answered “Don’t Know” or did not respond.

Under WIOA, states are responsible for monitoring local areas’ progress in meeting youth spending requirements. DOL officials we interviewed told us that states collect local area expenditure data, but those data are not transmitted to DOL except in the aggregate. The three states we visited confirmed that they collect local expenditure data from local areas using their own individual state reporting systems and then aggregate those data at the state level.

DOL takes steps to determine whether states are carrying out their monitoring responsibilities, including conducting on-site visits to state offices. However, DOL officials said regional offices do not have the capacity to conduct on-site monitoring in each state every year. To make up for this, they conduct risk-based monitoring based on quarterly desk reviews that can alert them to expenditure issues at the state level.²⁸ According to the officials, DOL regional offices typically conduct on-site monitoring of approximately one-third of their states each year.²⁹ The officials said that during on-site monitoring, regional office staff may elect to review a sample of local area expenditures and the monitoring activities the state has taken to ensure local targets are being met.

Also, to supplement their monitoring activities, DOL officials said they rely on regional offices’ ongoing interactions with states to stay abreast of

²⁸DOL regional offices conduct desk monitoring using the Grants Electronic Management System and review data including, for example, the percentage of funds localities have expended and number of participants served during the quarter.

²⁹Staff we interviewed from a DOL regional office also told us that they typically conduct on-site monitoring of each state once every three years.

state and local experiences and challenges. They said staff from regional offices maintain a dialogue with state officials, including periodic conference calls. As part of this communication, they said states might inform DOL regional officials about certain local areas experiencing challenges. DOL officials also said they hear from some local area staff directly during national conferences.

As of February 2018, DOL's monitoring had thus far focused on assisting states in overcoming challenges with WIOA requirements through technical assistance and guidance, according to DOL officials. At that time, the officials told us that the agency was moving to more formal compliance monitoring and would be beginning to address state-level non-compliance. DOL officials also told us that the agency has developed a core monitoring guide supplement for the WIOA Youth program and plans to publish the guide by December 2018. The tool will be used by DOL officials in their monitoring of states, but will also be shared with state officials to, among other things, help them organize their state-level monitoring of localities.

Local Areas Reported Using a Combination of Strategies to Address the Out-of- School Youth Spending Requirement and Related Challenges

Local Workforce Areas Restricted Enrollment of In-School Youth to Help Meet the Spending Requirement for Out-of-School Youth

While most local areas reported that their efforts to meet the out-of-school youth spending requirement involved serving greater numbers of that population, they also reported the need to accommodate that increase by significantly reducing or eliminating services provided to in-school youth.³⁰ In addition to the estimated 71 percent of local areas reporting that the number of out-of-school youth receiving services had increased since the enactment of WIOA, an estimated 80 percent reported that the number of in-school youth receiving services had decreased. An estimated 51 percent said they had reduced outreach and services to in-school youth to a great or very great extent, with another 22 percent saying they had moderately reduced outreach or services to these youth. Notably, an estimated 35 percent of local areas reported that they had stopped enrolling in-school youth in their WIOA youth program entirely.

GAO survey respondent:

"Previously we had relied heavily on in-school youth. They are a captive audience that we know where to find and who can use our services to prevent them from becoming a disconnected youth."

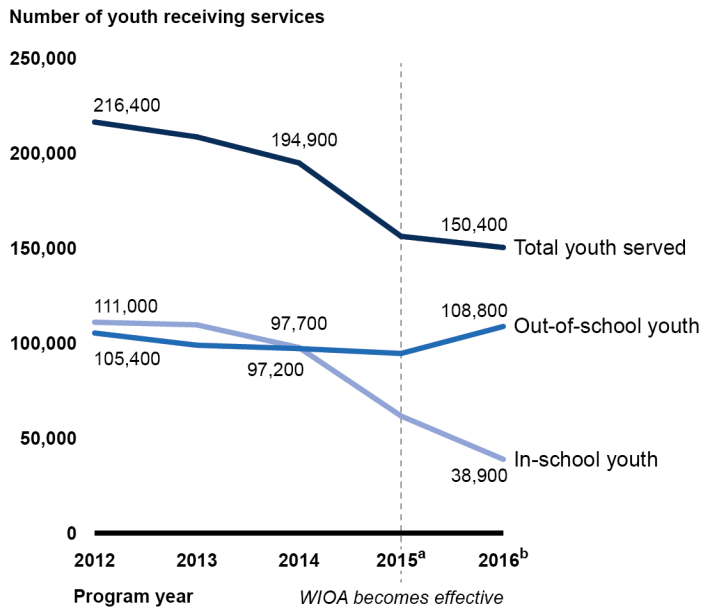
Source: GAO WIOA youth survey. | GAO-18-475

Available DOL WIOA program participant data reflects this shift, as the number of in-school youth served since PY2014—the program year prior to when WIOA went into effect—through PY2016 has dropped from just over 97,700 to around 38,900, or approximately 60 percent (see fig. 7). During the same period, the levels of out-of-school youth served rose from nearly 97,200 to around 108,800, or approximately 12 percent.³¹ DOL officials and some local workforce area staff reported that it is generally more expensive to serve out-of-school youth, in part because they often require more services than other youth. Although DOL does not have current data on cost per participant, DOL's Employment and Training Administration's fiscal year 2017 Congressional Budget Justification notes that WIA data indicate that out-of-school youth may cost approximately \$1,000 more per youth served than in-school youth.

³⁰In our survey, we inquired about strategies local workforce areas used to meet WIOA expenditure requirements. We did not independently confirm whether localities were, in fact, meeting these requirements.

³¹The decline in total youth served under WIOA continues a decline of about 26 percent over the PY2010 to 2014 period (the final years of WIA). In-school youth participants declined by about 32 percent and out-of-school participants declined by about 20 percent over the PY2010 to 2014 time period. DOL attributes this decline in participation over the 2010 to 2014 timeframe to three primary factors: decreases in WIA youth appropriations; increased focus on serving out-of-school youth (a higher-cost population to serve); and typical inflation increases in the cost of programming.

Figure 7: Trends in Numbers of Out-of-School, In-School, and Total Youth Receiving WIA or WIOA Funded Services, Program Years 2012 to 2016



Source: GAO analysis of Department of Labor data. | GAO-18-475

Note: Participation data rounded to the nearest 100. The Workforce Innovation and Opportunity Act (WIOA) became effective in July 2015, superseding the Workforce Investment Act (WIA).

^aU.S. Department of Labor (DOL) data from PY2015 do not capture participants aged 22 to 24 and are therefore incomplete.

^bDOL data from PY2016 include approximately 2,700 youth whose school status was unknown. They are included in the number of total youth served but not the numbers of in- and out-of-school youth served.

Survey respondents most frequently reported that the reduction in services to in-school youth was the most adverse consequence they observed as a result of the new WIOA youth requirements. Similarly, WIOA practitioners we interviewed during our local area site visits expressed concerns about reducing services for in-school youth. Several told us that local in-school youth were no longer receiving the level of services they might need and that the shift might lead to more youth

becoming disconnected from school and employment.³² Staff in one of the more rural workforce areas we visited noted that there are often insufficient services available to replace these lost WIOA services. Without a presence in the schools, staff in one workforce area told us they were concerned that they were not reaching youth at the right time and that more youth might become disconnected as a result. Some survey respondents made similar points, reporting that youth are more likely to become disconnected without WIOA services available in schools. In addition, workforce development board staff in one local area we visited told us that the WIOA definition of out-of-school youth has limited their ability to provide services to youth who need them if they have enrolled in community college but are not yet attending classes.

DOL has provided technical assistance identifying other federal programs available for assistance to in-school youth, but we did not determine the extent to which these resources were being used in the local areas we visited.³³ One major urban area we visited had managed the program's transition toward serving a larger proportion of out-of-school youth through a city-wide committee established by the mayor. According to workforce development board staff, this committee works with the workforce development board and other community partners (e.g., civic, business, and philanthropic groups) and has helped develop an overarching strategy to assist youth that did not exist prior to WIOA.

³²Some local workforce area staff and service providers told us that they have tried to ensure in-school youth continued to receive services from other sources, when possible. For example, staff in one local workforce area told us that the city budgets funds for in-school youth in programs such as Summer Youth and My Brother's Keeper and that the county uses funds from a nonprofit organization to support job fairs and other events. Staff at another local workforce area told us they try to refer in-school youth to other community partners if they cannot serve them. In addition, some service providers have tried to maintain relationships with schools in order to connect with youth who may be about to become disconnected, but they reported relationships with schools were not as strong as they were under WIA.

³³See: U.S. Department of Labor, *Enough is Known for Action Series: Supporting Education and Career Goals of In-School Youth under the Workforce Innovation and Opportunity Act: Key Themes of Current Practices* (Washington, D.C. January 2017). Education officials we interviewed observed that many of the Department of Education programs listed in the guidance have various purposes and often serve specific subpopulations of in-school youth. As a result, they would not all be available to all in-school youth who might have been served under WIOA. They added that efforts related to ensuring that in-school youth no longer receiving WIOA services were being served through other programs would typically be coordinated at the state or local level.

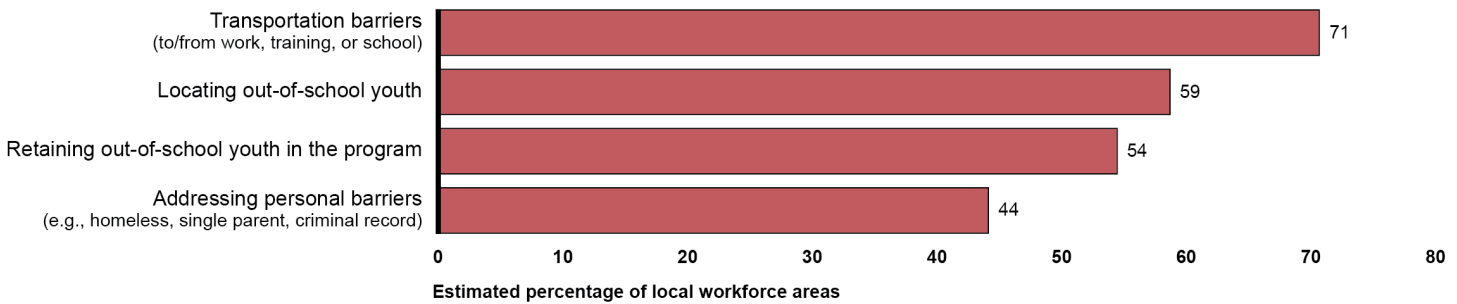
To Address Challenges, Local Workforce Areas Have Increased Recruiting Efforts, Strengthened Partnerships, and Expanded Services

As local areas have worked to meet the new out-of-school youth spending requirement, they report applying other strategies to address certain challenges associated with serving that population in greater numbers. While many local areas reported that one of the main benefits of WIOA was its focus on hard-to-serve youth and those in greatest need of services, survey respondents and local workforce area staff and service providers reported that it has forced them to make some adjustments in how they administer their local youth programs, particularly in their approach to recruitment, local partnerships, and service offerings.

Challenges Associated with WIOA’s Shift toward Out-of-School Youth

In response to our survey, local area staff cited a number of specific challenges related to recruiting, retaining, and serving out-of-school youth under WIOA (see fig. 8).³⁴

Figure 8: Estimated Percent of Local Workforce Areas Reporting Specific Challenges as Moderately or Very Difficult When Recruiting, Enrolling, or Serving Out-of-School Youth



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: Other key challenges that were reported to be moderately or very difficult by a smaller percentage of local workforce areas included: documenting eligibility of out-of-school youth (16.4 percent); contractors/providers’ inability to meet Workforce Innovation and Opportunity Act (WIOA) youth program requirements (16.4 percent); identifying contractors/providers to deliver out-of-school youth services (15.7 percent); training staff to work with out-of-school youth (12.4 percent); obstacles for contractors/providers to get on a preferred provider list (11.5 percent); excess demand for youth services (i.e., the need for a waitlist) (10.8 percent); changes to contractors/providers included on the preferred provider list (8.7 percent); high staff turnover (7.7 percent); other (8.5 percent). All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer.

³⁴While some of these challenges may also apply to in-school youth, local workforce areas indicated that they were significant challenges when working with out-of-school youth.

GAO survey respondent:

"If you had asked for a scale of 1-10 on transportation, I would have answered 200. Being in a rural area with no public transportation makes this almost impossible for some youth. We've had cases where the transportation cost would be more than the wages to be earned."

Source: GAO WIOA youth survey. | GAO-18-475

GAO survey respondent:

"The most significant challenge is finding the out-of-school youth. Many of them are just not connected — not connected to school, not connected to work, not connected in their community. We have had to develop innovative ways to find them."

Source: GAO WIOA youth survey. | GAO-18-475

GAO survey respondent:

"Life barriers crop up once engaged and can take the young adults off course. The system must be flexible to allow these young adults time to leave and come back multiple times."

Source: GAO WIOA youth survey. | GAO-18-475

GAO survey respondent:

"Many of the out-of-school youth have significant barriers that they have faced their entire life. We have to address a series of barriers with the individual before we can even begin to think about career, training, education, or work experience."

Source: GAO WIOA youth survey. | GAO-18-475

Transportation: A lack of transportation can prevent youth from getting to and from WIOA-funded educational programs, service providers, training, and work, and it was among the most significant barrier to employment cited by survey respondents. An estimated 71 percent of local workforce areas reported that transportation barriers were moderately or very difficult, and an additional 18 percent said they were somewhat difficult. Local service providers also told us that the lack of transportation could be particularly acute in rural areas without public transportation, such as bus systems.

Locating and Recruiting: Finding out-of-school youth to enroll in WIOA-funded services was a significant challenge cited by local workforce areas, with an estimated 59 percent reporting that locating out-of-school youth was moderately or very difficult and another 21 percent reporting that it was somewhat difficult. Some local workforce area staff and service providers told us that many out-of-school youth move frequently, making it difficult to find and track them. In some locations, workforce area staff or service providers reported that youth typically do not "walk-in" to American Job Centers seeking services or congregate in the same places as in-school youth. Staff in one rural area told us that service providers had to recruit constantly. But even in urban areas, locating and recruiting out-of-school youth can be difficult. In fact, service providers in one urban workforce development area we visited told us that recruiting out-of-school youth is by far their greatest challenge.

Retaining and Serving: Convincing out-of-school youth to stay in a WIOA program is also challenging for workforce development areas and service providers. In our survey, retaining youth was cited as moderately or very difficult by an estimated 54 percent of workforce development areas, with another 31 percent reporting it was somewhat difficult. Some survey respondents and workforce development area staff and service providers cited current low unemployment rates, which make it easier for youth to find jobs without completing WIOA work experiences or services, and frequent moves by out-of-school youth, sometimes far from work or training locations, as reasons retaining these youth can be difficult.

Addressing Personal Barriers: Addressing the personal barriers often faced by out-of-school youth was also a key challenge cited by local workforce areas. According to an estimated 44 percent of local workforce areas, addressing obstacles faced by this population such as homelessness or having a criminal history is moderately or very difficult, with another 30 percent reporting that it is somewhat difficult. Multiple survey respondents noted that because of their multiple barriers, out-of-

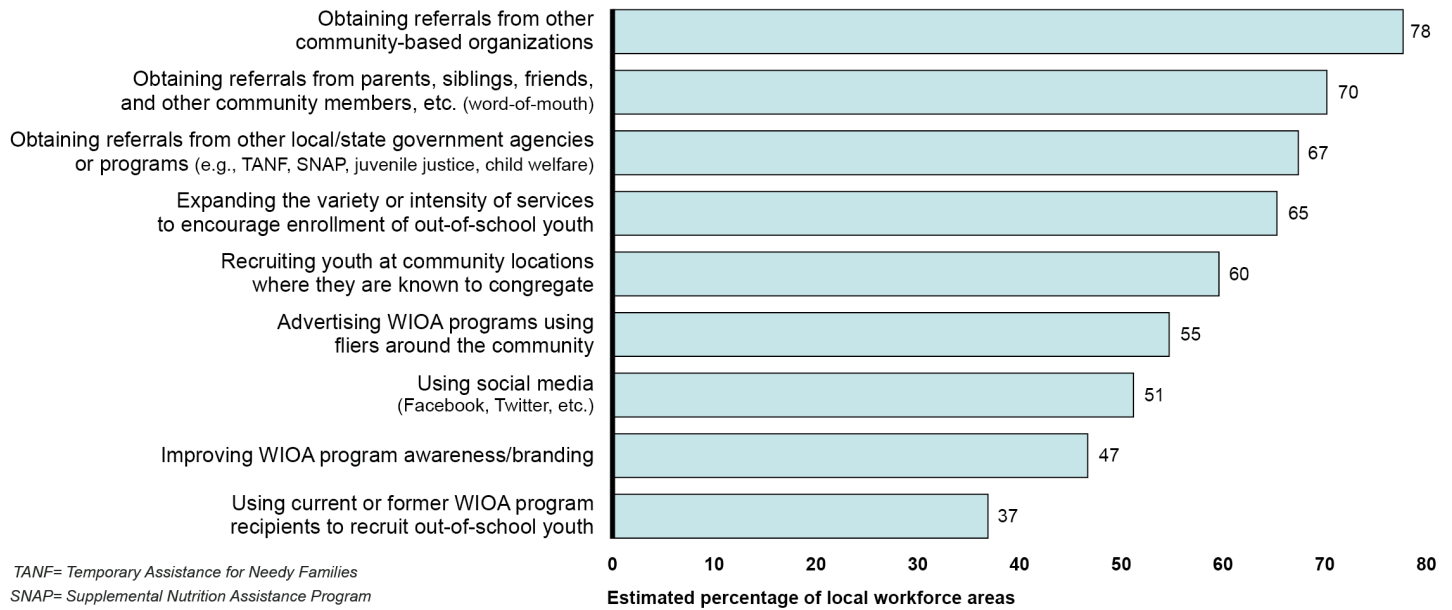
school youth require more frequent contact and intensive case management services. During our interviews in local workforce areas, staff and service providers told us that out-of-school youth tend to face more of these types of obstacles than in-school youth. They told us these youth may have disabilities, such as diagnosed or undiagnosed mental health needs. In addition, they may have children and lack childcare, be involved in the child welfare or juvenile justice system, or experience homelessness. Out-of-school youth also often lack basic academic or job readiness (“soft”) skills, and sometimes are not proficient in English or face other barriers to employment. Some survey respondents also noted that the needs of older out-of-school youth are often different from those of younger youth. For example, they may have multiple children or housing needs and thus require more supportive services.

Strategies Local Areas Have Applied to Address Challenges

To mitigate challenges in shifting spending to out-of-school youth, local workforce area staff and service providers said that they have increased their recruiting efforts, developed new partnerships, strengthened existing partnerships, and in some cases, expanded services.

Increased Recruitment Efforts to Locate Out-of-School Youth: An estimated 51 percent of local workforce areas said they are spending a larger percentage of their WIOA youth grant funds on recruiting compared to what they spent under WIA. According to our survey, the top approaches workforce development areas use to recruit out-of-school youth involve seeking referrals from community-based organizations, family and friends, and other agencies. They also include recruiting in person and in places throughout the community where out-of-school youth tend to congregate. Advertising WIOA youth programs using fliers and social media were also cited as being used to a great or very great extent by about 50 percent of local workforce areas (see fig. 9).

Figure 9: Estimated Percentage of Local Workforce Areas Reporting Using Specific Approaches to Recruit Out-of-School Youth to a Great or Very Great Extent



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: Other approaches to recruit out-of-school youth that local workforce areas reported using to a great or very great extent included: use of mobile recruiting units (17.4 percent); advertising WIOA programs on television or radio (7.5 percent); going door-to-door in selected neighborhoods (3.8 percent); other recruitment activities (7.8 percent). All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer.

In addition to survey respondents, those we spoke to in the local workforce development areas we visited described how they have increased their recruitment efforts of out-of-school youth since the enactment of WIOA. For example, one local workforce development board used its funds to hire an additional staff person to assist a service provider with its recruitment efforts. Service provider staff from across the local areas we visited said they spend time out in the community where out-of-school youth congregate much more now than under WIA when they served more in-school youth who were easier to find. They told us they recruit at malls, barbershops, and other places where out-of-school youth are likely to gather. One service provider told us they have regular hours at a popular major-chain coffee shop where they meet with youth and complete enrollment paperwork rather than relying on youth coming to an American Job Center or the service provider’s office.

According to our survey, an estimated 70 percent of local workforce areas receive referrals from parents, siblings, friends, and other community members to a great or very great extent. These word-of-mouth and peer-to-peer recruiting strategies were also frequently cited as being very successful by local workforce area staff and service providers we interviewed. For example, staff in one local workforce area told us that one of their most successful recruitment efforts has been using or employing youth who had experienced success in the program to help enroll others in the local community who could benefit from WIOA services. They reported these youth recruiters knew where to find out-of-school youth in need of services and can more easily establish relationships with these youth, both in person and via social media. Other approaches used by the local areas we visited included seeking referrals from other community-based organizations and agencies, placing information fliers in high school graduation packets, attending job fairs and other community events, using social media or radio ads, going door-to-door in public housing, using mobile recruiting units, and placing fliers for WIOA services in grocery bags or attaching them to water bills.

Strengthened Partnerships: Local workforce areas report strengthening partnerships with other WIOA programs and organizations to enroll and serve out-of-school youth. Approximately 60 percent of local workforce areas reported developing new partnerships or strengthening relationships with other WIOA core programs. Specifically, approximately two-thirds reported that they are co-enrolling WIOA youth with other WIOA core programs. Similarly, local workforce areas reported developing new partnerships or strengthening relationships with state and local government agencies, as well as community-based organizations. For example, some local workforce development area staff and local service providers we interviewed told us they had strengthened relationships with child welfare, juvenile justice, vocational rehabilitation, community colleges, and adult education programs.

Some service providers focus on delivering services to a specific population of youth, such as youth involved in the foster care or justice system. For example, staff at one local workforce board told us that one of its local service providers ran a program in a juvenile justice facility to provide services to incarcerated youth. Some local workforce areas also reported co-enrolling youth in non-WIOA programs such as Temporary Assistance for Needy Families (TANF). In addition, an estimated 80 percent of local workforce areas reported that they had created new partnerships or strengthened relationships with employers. Other ways that local workforce areas reported strengthening partnerships included

strengthening coordination across youth serving programs by improving communication (an estimated 78 percent), co-locating programs (47 percent), and integrating information technology systems (21 percent). Several survey respondents said that new or strengthened partnerships were one of the primary benefits of the WIOA program and that referrals from these partners are an important way to recruit out-of-school youth for the WIOA youth program.

Expanding or Intensifying Services: To encourage enrollment or retain and serve of out-of-school youth, local workforce areas reported that they had expanded the variety or intensity of the youth services they provide. For example, workforce areas reported that they had expanded occupational training (59 percent), adult education (55 percent), and the development of career pathways (63 percent). In addition, approximately 46 percent of local workforce areas reported they had expanded their supportive services and approximately one-third of workforce areas reported that they spent a higher percent of their youth grant funds on supportive services than they did under WIA. For example, local workforce area staff or service providers we interviewed in three local areas (in two different states) told us that they had used WIOA funds to pay for the care of children of enrolled youth. Staff at another local workforce development area we visited reported intensified focus on staff training in trauma-informed care and emphasized the need to assume trauma among program participants.³⁵ One WIOA service provider we interviewed explained that keeping more transient out-of-school youth motivated and enrolled required more intensive services and more interaction with staff until they learn to become more self-sufficient. She also emphasized that linking occupational training to an employer is vital for success with out of school youth.

Reducing Transportation Barriers: In addition to these overall strategies, some local workforce area staff and service providers we spoke to told us they had taken steps to address transportation obstacles, which were widely cited as especially challenging. For example, local workforce staff in one local area we visited reported supplying bus passes

³⁵According to the Substance Abuse and Mental Health Services Administration, a trauma-informed approach is “a program, organization, or system that realizes the widespread impact of trauma and understands potential paths for recovery; recognizes the signs and symptoms of trauma in clients, families, staff, and others involved with the system; and responds by fully integrating knowledge about trauma into policies, procedures, and practices, and seeks to actively resist re-traumatization.” See: <https://www.integration.samhsa.gov/clinical-practice/trauma>

to help youth participants get to their work experience jobs or training in areas where bus systems existed. One service provider staff member in a more rural area told us his organization used two vans to transport youth and another told us that his organization had provided bicycles to out-of-school youth. In one location we visited, a community college that partners with the WIOA program provides shuttle bus services between its various campuses and has expanded this service to include transportation to various partners, to and from job sites, and to and from credentialing exams. The representative from this community college told us that this approach is working well but needs to be further expanded. A service provider in another local area we visited told us they have developed some portable training modules that can travel across the local area, alleviating some of the transportation issues out-of-school youth face. These modules help train students in more remote areas in fields such as heating, ventilation, and air conditioning (HVAC), electrical work, and plumbing.

To help states and local areas implement their WIOA programs and overcome challenges, DOL has developed and provided a significant amount of guidance and technical assistance in the form of Training and Employment Guidance Letters, webinars, conferences, and online resources; all of which state and local officials generally reported as being helpful.³⁶ Officials in the three states we visited stated that DOL's guidance and technical assistance had been helpful and that DOL's Employment and Training Administration regional offices had been responsive to their needs. While local workforce development board staff we interviewed in several local areas told us that they relied primarily on guidance from their state, they also reported using DOL guidance and technical assistance and agreed that it was generally helpful. About half of local workforce area survey respondents reported that DOL guidance and technical assistance are either extremely or very helpful.³⁷ When asked what topics or issues related to WIOA youth needed additional or clearer guidance, 54 out of 106 (approximately 51 percent) survey respondents did not provide any examples. Of those that did respond, the most commonly cited areas for additional guidance included performance

³⁶According to DOL officials, key online resources related to WIOA Youth are publically available at:

<https://youth.workforcegps.org/resources/2017/03/22/09/55/WIOA-Youth-Program-Resources-Page>

³⁷Approximately 12 percent responded that the guidance was slightly or not at all helpful.

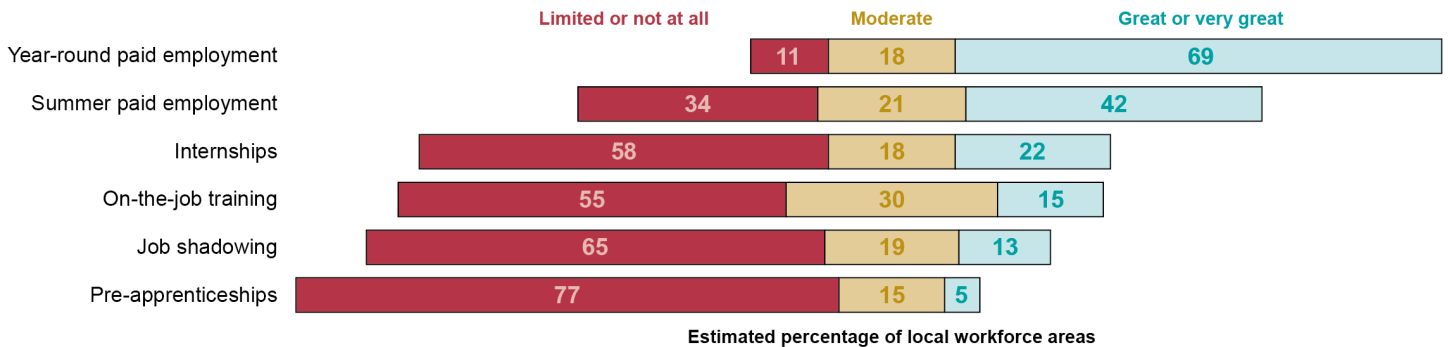
measures and work experiences. However, these topic areas were only mentioned by 14 and 9 of the survey respondents, respectively.

Local Areas Used Various Strategies to Meet the New WIOA Work Experience Requirement, Yet Many Reported Challenges

Local Areas Expanded Work Experience Opportunities for Youth and Frequently Paid for Youth Salaries in Order to Meet the New Work Experience Requirement

Many local workforce areas we surveyed have increased their emphasis on work experiences for youth under WIOA, with paid employment being the most common type of opportunity provided to participants. While work experience was a youth program element under WIA, since the enactment of WIOA, an estimated 82 percent of local workforce areas reported they had expanded work experience opportunities, and 59 percent of local workforce areas reported they provided work experiences to a greater percentage of youth participants than in the years prior to WIOA. Year-round paid employment and summer paid employment were the most common work experience opportunities that local workforce areas reported providing to a great or very great extent (an estimated 69 percent and 42 percent, respectively). In contrast, pre-apprenticeship, on-the-job training, job shadowing, and internship opportunities were less commonly provided (see fig. 10).

Figure 10: Local Workforce Areas Reported Providing Several Types of Work Experiences to Youth to Various Extents in PY2016



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer.

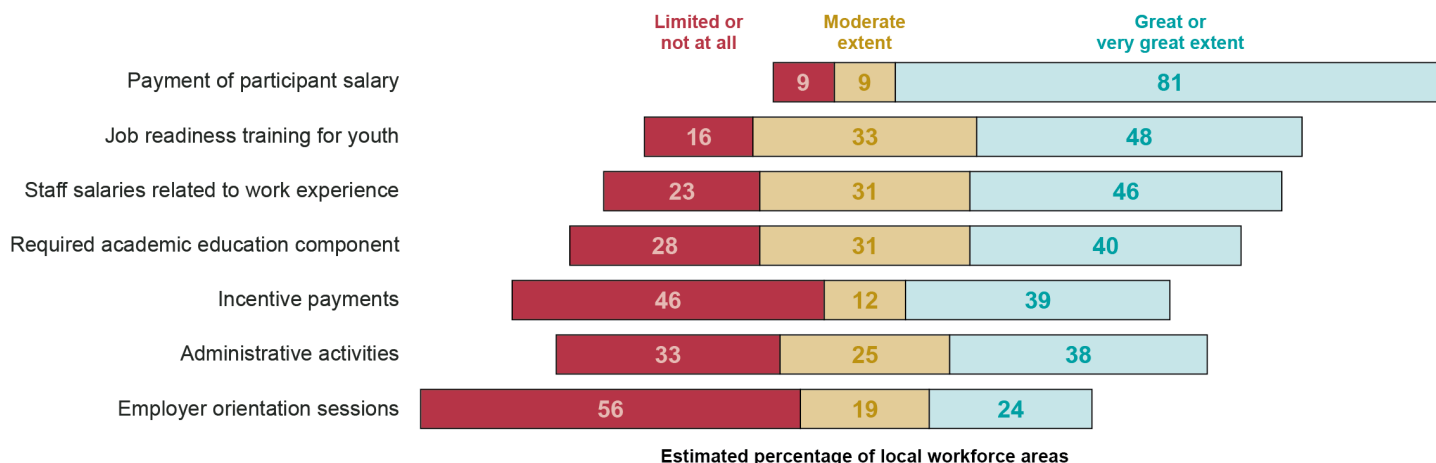
WIOA youth participated in several types of work experiences with employers in numerous occupational fields, local workforce areas reported, though some were more common than others. Since the enactment of WIOA, an estimated 80 percent of local areas developed new or strengthened existing partnerships with employers. Through partnerships with employers youth participated in work experiences in a wide range of fields, the most common being jobs involving retail, customer service, and hospitality. Healthcare and medical-related jobs were also common, as were jobs in manufacturing. These occupations were also associated with the three most common career pathway plans developed for participants, according to the local workforce areas we surveyed. Several local staff members and survey respondents said they try to align youth work experiences with the youth’s interests and career pathway plan. However, many survey respondents noted that finding a good match can be difficult.

Several workforce development board staff members and service providers across the three states we visited told us they had a positive opinion of work experiences and thought they were beneficial for youth. They praised work experiences for reasons like helping youth learn valuable soft skills, helping them realize the value of work, and improving employment outcomes. An American Job Center staff member in one local area we visited told us how important work experiences were for letting youth explore their interests and “try out” a new field before investing program funds in a related training program, only for the youth to decide later they did not like that field. Staff at two other centers

described similar instances where participants placed in teaching, medical, and veterinarian positions reconsidered their decisions after the work experience exposed them to some of less appealing aspects of the occupations.

Payment of participants' salary is the dominant strategy local workforce areas said they are using to meet the new WIOA work experience spending requirement. Specifically, based on our survey an estimated 81 percent of local areas reported that to a great or very great extent they relied on paying a youth participant's salary to meet the requirement (see fig. 11).

Figure 11: Local Workforce Areas Used Several Strategies to Differing Extents to Meet the Work Experience Spending Requirement



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

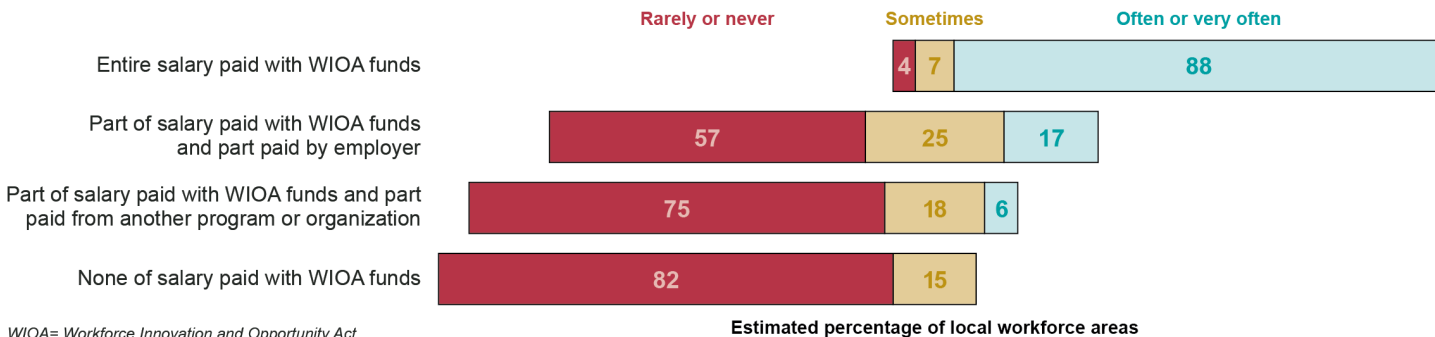
Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer.

Our survey also indicates that when local areas paid a participant's work experience salary, 88 percent often or very often paid the entire salary with youth program funds, far outpacing other payment structures (see fig. 12).³⁸ Although there is no limit on the length of the paid employment

³⁸All survey recipients were asked to what extent they used the various payment models listed in figure 12, not just those who used the payment of salary to a great or very great extent to meet the work experience spending requirement, as shown in figure 11. In addition, the survey asked the respondent about the salary models specifically associated with WIOA-funded work experiences, as opposed to experiences funded by other sources.

experience, DOL officials told us the typical length is around 6 to 8 weeks. In one local area, service provider staff told us that paying a youth's entire salary encourages businesses to take a chance on a youth when they otherwise might not. DOL officials also told us that out-of-school youth, in particular, are a harder population to serve and many employers are not willing to take a risk in hiring them without the full salary paid through WIOA. However, based on our survey, an estimated 42 percent of local areas have at least sometimes arranged an agreement that part of a participant's salary be paid by the employer.

Figure 12: Local Workforce Areas Overwhelmingly Paid the Entire Salary of Youth in Paid Work Experiences in PY2016



WIOA= Workforce Innovation and Opportunity Act

Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer. Percentages may not total to 100 due to non-responses.

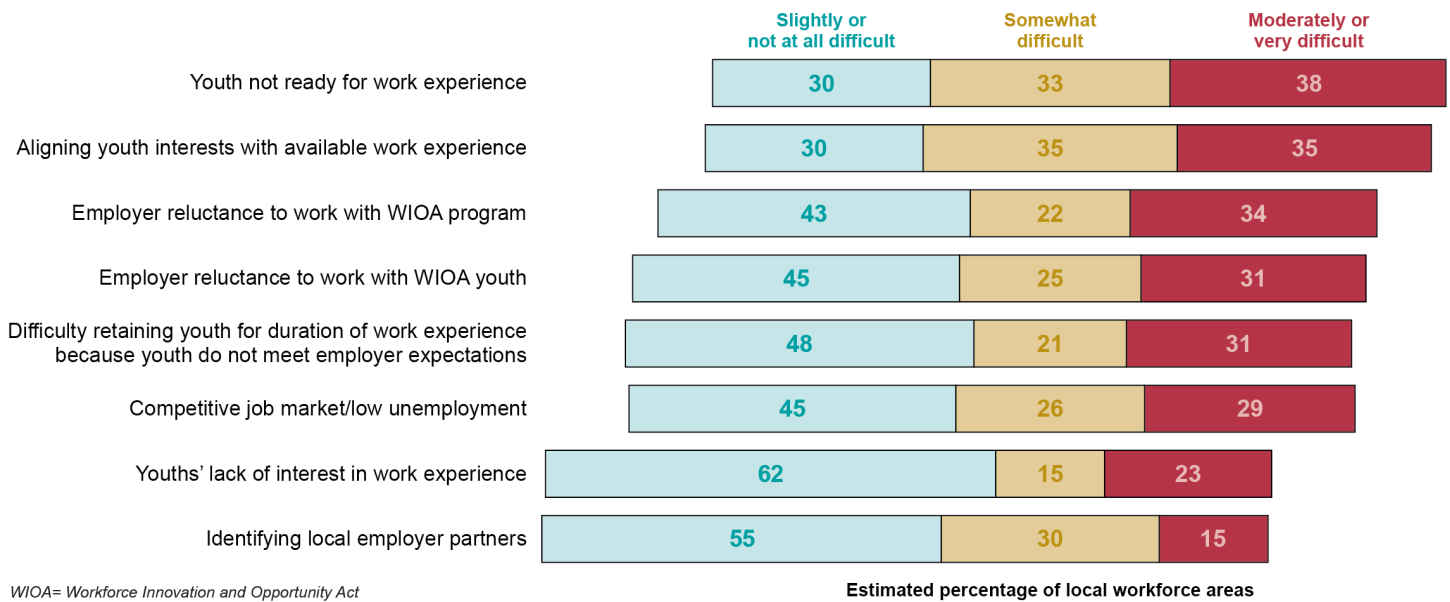
Local Areas Have Taken Steps to Address a Variety of Challenges That Inhibit Their Ability to Provide Work Experiences to Youth

WIOA requires local areas spend at least 20 percent of local youth funds on work experience for in-school and out-of-school youth.³⁹ Most local workforce areas we surveyed reported meeting that requirement,⁴⁰ with an estimated 42 percent reporting it was slightly or not at all challenging to meet it in PY2016. However, another 34 percent found it moderately challenging, and 21 percent reported that it was very or extremely challenging. As shown in figure 13, local areas reported experiencing a variety of challenges as they attempted to meet the new spending requirement.

³⁹This spending requirement applies only to WIOA youth grant funds allocated to local areas; 29 U.S.C. § 3164.

⁴⁰We did not independently confirm whether localities were, in fact, meeting the work experience expenditure requirement.

Figure 13: Local Workforce Areas Reported Numerous Challenges Connecting Youth with Work Experiences



Source: GAO survey of local workforce areas in the 50 U.S. states and the District of Columbia. | GAO-18-475

Note: All percentage estimates in this figure have a margin of error of plus or minus 10 percentage points or fewer. Percentages may not total to 100 due to non-responses.

Participant Challenges: The fact that youth participants may be less prepared for employment than older participants posed a challenge for workforce area staff as they worked to address WIOA’s new emphasis on youth work experiences. Overall, we estimate that 38 percent of local areas found it moderately or very difficult to meet the spending requirement because youth were not ready for a work experience. An estimated 31 percent of local workforce areas reported it was moderately or very difficult to meet the new requirement as a result of youth not completing their work experiences because they failed to live up to employer expectations. Several local WIOA program staff members told us that youth often have no prior work experience, can lack the soft skills needed for work, and may face other barriers to employment that can complicate success in a work experience. Some local staff we interviewed noted that many youth require substantial preparation before, and support during, a work experience in order to succeed. Perhaps as a consequence, about half (48 percent) of local workforce areas provided job readiness training to youth to a great or very great extent in order to prepare them for work experiences. In addition, some local service providers we met with told us they provided orientations to employers in order to manage expectations and prepare them to employ WIOA youth.

GAO survey respondent:

“It has been a challenge to prepare youth for the work experience. It takes a few months for many of the youth to be prepared and job-ready.”

Source: GAO WIOA youth survey. | GAO-18-475

GAO survey respondent:

“A high percentage of out-of-school youth are not ready for a work experience. WIOA staff have neither the time nor expertise to address the trauma and life circumstances with which many are living.”

Source: GAO WIOA youth survey. | GAO-18-475

Further, local service provider staff members told us they lend ongoing support to both youth participants and employers throughout the work experience period. This included check-ins at employment sites, mediating employee/employer conflicts, and addressing employer concerns about a youth's performance to ensure youth meet employers' expectations.

Employer Reluctance: Employers are crucial to a local workforce area's ability to provide work experiences to youth, yet many local areas have struggled to develop effective employer relationships that foster such opportunities. Notably, identifying employer partners does not appear to be the primary challenge, as an estimated 55 percent of local workforce areas reported little or no difficulty doing so. Yet, the existence of employers may not readily yield work experiences, as approximately 35 percent of local areas reported it was moderately or very difficult to align youth interests with available work experiences. Nearly the same proportion reported similar difficulty generating work experience opportunities because employers may perceive that providing those experiences would come with additional burdens. For example, service provider staff in two local areas told us some employers expressed concern about whether they would be responsible for workers' compensation should a youth be injured. Staff in other areas told us that large companies in particular worry about potential administrative burdens, such as getting approval from corporate headquarters for a WIOA-sponsored work experience, or incorporating a participating youth into their payroll system.

Some of the additional administrative burden perceived by employers may be associated with their general concern about the job-readiness of youth enrolled in WIOA programs. Around 31 percent of local areas reported it was moderately or very difficult to meet the work experience spending requirement because employers were reluctant to work with WIOA youth participants. One local employer we interviewed said out-of-school youth, in particular, may require additional help with communication, professional presentation, punctuality, and interpersonal skills, which can require additional personal attention. Many local service provider staff and survey respondents described the numerous barriers to employment often faced by out-of-school youth. One service provider said, as a result of these barriers, employers may be less receptive to provide work experiences for them. A survey respondent voiced a similar concern, saying employers may think youth with significant barriers are "too difficult to manage and/or retain in employment."

GAO survey respondent:

“It is extremely time intensive to engage with a business, identify a youth, prepare the youth, and then follow up constantly.”

Source: GAO WIOA youth survey. | GAO-18-475

In light of employers’ possible reluctance to provide work experiences for youth, our survey shows many local workforce areas focused more resources toward developing employer partnerships. Specifically, we estimate that 51 percent of local areas reported that they increased their spending on business/employer relations under WIOA. Service providers in two local areas we visited, as well as many survey respondents, reported they had hired new staff, or were utilizing existing staff, to coordinate with employers. In one local area, workforce board staff told us that even with an established community presence and decades of experience, they still had to convince potential employer partners that their youth program staff would do everything in their ability to make work experiences easier for the employer.

Other Challenges: Youth interest in work experiences may also vary according to current life circumstances, especially the need for immediate income. About a quarter (23 percent) of local areas reported youths’ lack of interest in obtaining WIOA-funded work experiences made meeting the spending requirement moderately or very difficult. As one survey respondent reported, “Many youth in this program simply want and need a job.” This sentiment was echoed by service providers in all three states we visited, who said the need for income can inhibit youths’ interest in a temporary work experience opportunity.

GAO survey respondent:

“Rural areas of the country have a totally different set of challenges. Transportation and work experience opportunities are more difficult to secure.”

Source: GAO WIOA youth survey. | GAO-18-475

Also, during our interviews with local area service providers we were told that challenges associated with the WIOA work experience component may be more acute in rural areas.⁴¹ As with other WIOA components, such as education and training, the availability of transportation can determine whether a youth can participate in WIOA-funded work experiences. For example, service providers we interviewed in Texas stressed how a lack of transportation, especially in rural areas where employers may be more distant from a youth’s home, can prevent youth from getting to and from a work site. In addition, a lack of employers in rural areas can hinder the creation of work experience opportunities. One service provider we interviewed said that some rural towns in his local area “have little more than a gas station and a school,” and the lack of local employers significantly limits work experience opportunities for youth. In such cases, arranging an opportunity in an alternate location

⁴¹DOL has published technical assistance related to providing WIOA services in rural areas. See: U.S. Department of Labor, *Enough is Known for Action Series: Implementing WIOA Youth Programs in Rural Areas* (Washington, D.C. September 2015).

would also likely require that the youth have a means of transportation to travel to the job site.

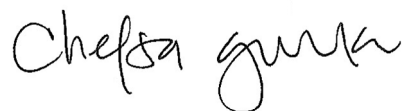
Agency Comments

This report does not include any recommendations. We provided a draft of this report to the Secretaries of Labor and Education for review and comment. Both agencies provided technical comments which we incorporated as appropriate.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees, the Secretaries of Labor and Education, and other interested parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or gurkinc@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 key contributions to this report are listed in appendix II.

Sincerely yours,



Chelsa Gurkin
Acting Director
Education, Workforce, and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

This report examines the implementation of the Workforce Innovation and Opportunity Act (WIOA) youth program in states and local workforce areas with respect to the new requirements that 75 percent of youth funds be expended on out-of-school youth and 20 percent of youth funds be expended on work experiences. In particular, this report examines: (1) what is known about states' and local areas' progress in meeting the WIOA spending requirements for serving out-of-school youth and providing youth with work experiences; (2) how local areas are addressing WIOA's emphasis on serving out-of-school youth, and any challenges they have encountered; and (3) how local areas are addressing WIOA's emphasis on youth work experiences and any challenges they have encountered.

To answer all of our research objectives we reviewed relevant federal laws, regulations, and guidance. We also employed other methods to answer our audit objectives, as described below.

Analysis of DOL Data and Documents

To address our first objective, we analyzed Department of Labor (DOL) state-level WIOA youth program expenditure data from program year (PY) 2015 and PY2016, the most recent data available, for the 50 states and the District of Columbia.¹ We also analyzed WIA state level expenditure data from PY2012 through PY2014. These data include the funds allotted to each state, minus the governors' reserve for statewide activities, which can be up to 15 percent of the total allotment. In addition, the data include funds spent by the states on out-of-school youth, and for PY2015 and PY2016, funds spent on work experiences. To determine whether states appeared to be on track to meet WIOA spending requirements, we considered the percentage of their overall funds they had spent, as well as the percentage of their expended funds that were spent on out-of-school youth and work experiences. Our analysis should not be used to make conclusions about legal compliance with WIOA requirements. To assess the reliability of these data, we interviewed DOL officials with knowledge of the data and reviewed written responses from the agency officials to data reliability questions. We also reviewed other documentation related to the data. We found these data to be reliable for the purposes of addressing our research objective. We also reviewed DOL guidance and technical assistance materials to identify the

¹We received preliminary PY2017 expenditure data, but chose not to include it in our analysis because states had only spent 6 percent of allotted funds.

measures the agency is taking to help states and local areas meet program requirements and deliver WIOA services to youth. To gather information about the extent to which local areas are making progress in meeting WIOA spending requirements, we collected data through our nationally representative survey, described below.

Interviews with DOL Headquarters and Regional Office Staff

In addition, to address this research objective, we conducted semi-structured interviews with DOL headquarters and regional office officials to gain information on DOL's role in the implementation and administration of the WIOA youth program, the steps the agency is taking to monitor states' and local areas' progress in meeting program requirements, and to assess the availability and reliability of program and expenditure data. We spoke to three of the Employment and Training Administration's six regional offices, selected for their timely availability and to account for a large portion of state and territorial oversight. Among them, these regional offices were responsible for overseeing 24 states and 3 territories. Our review of DOL's monitoring of state oversight was limited to aspects necessary to describe DOL's general review structure and collection of information, if any, on local spending; we did not comprehensively assess DOL's monitoring efforts.

Survey of Local Workforce Development Areas

To address each of our research objectives, we conducted a nationally representative web-based survey of local workforce development areas (local workforce areas) in the 50 states and the District of Columbia. We surveyed workforce development areas because they are responsible for overseeing local youth workforce investment activities. Our survey results can be generalized to the entire population of workforce development areas. Specifically, we took a stratified random sample of workforce development areas (130 out of a universe of 543) to create estimates about the population of all workforce development areas.² To ensure that our survey included workforce development areas located in major population areas, in Strata 1 we included the 23 local areas serving the 20 largest metropolitan areas in the United States with a workforce development board within the city, as identified by U.S. Census Bureau data. In addition, we included all 11 states in which there is only a single workforce development board that oversees WIOA activities for the entire

²We obtained the universe of local areas from the U.S. Department of Labor.

state. There were 33 total workforce development areas in this strata.³ Strata 2 included 97 other randomly selected workforce development areas across the country. Each workforce development area was weighted in the analysis so our survey would be representative of the entire universe of workforce development areas.

We conducted the survey from November 15, 2017 through January 31, 2018. We emailed our survey to the executive director of each workforce development area and asked questions about changes the area has made in response to the enactment of WIOA, challenges the workforce area has faced in meeting WIOA requirements related to serving out-of-school youth, and the adequacy of federal guidance and technical assistance, among other topics. The survey contained a mix of closed-ended and open-ended items. The survey's weighted response rate was 82.3 percent (81.5 percent unweighted), with 106 of 130 workforce areas surveyed responding. A small number of items had higher non-response rates; we note this in the text when the rate of non-response is material. All closed-ended questions were weighted; however, open-ended questions were analyzed without weighting. Open-ended items generally received fewer responses than closed-ended questions.

Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval (e.g., plus or minus 10 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. As a result, we are 95 percent confident that each of the confidence intervals in this report will include the true values in the study population. All percentage estimates in this report have a margin of error of plus or minus 10 percentage points or fewer, unless otherwise noted.

State Interviews and Local Site Visits

To collect more detailed information about WIOA implementation at the state and local levels than our survey allowed, we conducted semi-structured interviews of state and local officials, as well as WIOA service

³Washington D.C. is one of the 20 largest metropolitan areas in the United States with a workforce development board within the city, and it also represents a single-state workforce development area.

providers, and partners, in three states. For our state-level interviews we selected three states primarily based on two criteria:

- 1) Proportions of disconnected youth at or above the median for all states.⁴
- 2) WIOA state youth grant allotment for PY2016 at or above the median for all states.⁵

Sixteen states met both criteria. From those 16 states, we selected 3 that ensured diversity across DOL Employment and Training Administration regions and provided a mix of states with large percentages of disconnected youth and large state allotments. Based on this process we selected Arizona, Michigan, and Texas. In aggregate, these 3 states received approximately 12 percent of total PY2016 WIOA Youth funds.

In each of the three states we selected, we visited three separate local workforce development areas, for a total of nine local areas. For our local workforce development area site selection we considered a number of factors, including disconnected youth rate data, input from state officials, and logistical feasibility. We also selected workforce development areas that would provide a mix of urban and rural areas. Specifically, we analyzed data on the percentage of disconnected youth at the county or metro area level and selected local areas with relatively high percentages of disconnect youth.⁶ To ensure that we selected workforce areas that would provide both urban and rural perspectives, we relied on county classifications by the U.S. Census Bureau.⁷ As we narrowed the list of

⁴For this criterion we used calculations by Measure of America, a Social Science Research Council project, based on U.S. Census Bureau's 2013 American Community Survey. The median percentage of disconnected youth, ages 16 to 24, across the 50 states and the District of Columbia in these data is 13.4 percent.

⁵For this criterion we used DOL WIOA state allotment data for PY2016, the most recent data available at the time of our site selection. The median state allotment for the 50 states and the District of Columbia was \$11,182,905 in PY2016.

⁶As with our selection of states, we used data on the percentage of disconnected youth calculated by Measure of America in determining the workforce development areas we planned to visit. Because local workforce development areas often include multiple counties, we looked for areas in which at least one county met this criteria. In addition, some large cities are workforce development areas. The Measure of America data includes data on the percentage of disconnected youth in metro areas as well as counties, and we used these data when considering which workforce development areas to visit.

⁷Census classifies counties as urban, mostly rural, and rural.

site visit candidates, we reviewed the local area strategic plans published on the state workforce board's website to gain additional insight into youth-specific programs in these areas. We also considered state officials' input regarding workforce development areas in their states. Lastly, in making our final selections, we considered the logistical feasibility of traveling between local areas.

We held interviews with state workforce officials in these states by phone and then conducted site visits to the three selected workforce development areas in each of the three selected states. In each local area we visited, we interviewed local workforce development board staff, including, for example, executive directors, youth program supervisors, workforce youth specialists, community and business liaisons or business service managers, and others. Members of the workforce development board, in addition to board staff, participated in some of these interviews. In addition, in these local areas we interviewed staff from American Job Centers (one-stops), contracted youth service providers, and WIOA youth partner organizations, such as community colleges and other educational services providers, Job Corps, vocational rehabilitation agencies, and the Temporary Assistance for Needy Families (TANF) program. In one of the three states we visited, we also spoke with a small number of employers in each local area that had provided work experiences or hired youth through the WIOA program. These interviews were designed to obtain information on a variety of topics related to our research objectives, such as:

- how local workforce practitioners were serving out-of-school youth through the WIOA program;
- changes made as a result of the transition from WIA to WIOA;
- recruitment and service delivery strategies focused on out-of-school youth;
- challenges related to implementing WIOA and meeting new WIOA spending requirements; and
- federal guidance and technical assistance.

We conducted this performance audit from December 2016 to June 2018 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: GAO Contact and Staff Acknowledgments

GAO Contact

Chelsa Gurkin, Acting Director, Education, Workforce, and Income Security (202) 512-7215, gurkinc@gao.gov

Staff Acknowledgments

In addition to the contact named above, Cindy Brown Barnes (Director), Betty Ward Zukerman (Assistant Director), David Perkins (Analyst-in-Charge), David Barish, and Kelly Turner made significant contributions to this report. In addition, key support was provided by James Ashley, Susan Baker, James Bennett, Stephen Betsock, Holly Dye, David Forgosh, Laura Hoffrey, Benjamin Sinoff, Almeta Spencer, and Walter Vance.

Related GAO Products

Workforce Innovation and Opportunity Act: Federal Agencies' Collaboration Generally Reflected Leading Practices, but Could Be Enhanced. [GAO-18-171](#). Washington, D.C.: February 8, 2018.

Workforce Innovation and Opportunity Act: Selected States' Planning Approaches for Serving Job Seekers and Employers. [GAO-17-31](#). Washington, D.C.: November 15, 2016.

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).

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

Transportation-Disadvantaged Populations: Federal Coordination Efforts Could Be Further Strengthened. [GAO-12-647](#). Washington, D.C.: June 20, 2012.

Disconnected Youth: Federal Actions Could Address Some of the Challenges Faced by Local Programs That Reconnect Youth to Education and Employment. [GAO-08-313](#). Washington, D.C.: February, 28, 2008.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<https://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <https://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <https://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#).
Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#).
Visit GAO on the web at <https://www.gao.gov>.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <https://www.gao.gov/fraudnet/fraudnet.htm>

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Orice Williams Brown, Managing Director, WilliamsO@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, spel@gao.gov, (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



Please Print on Recycled Paper.