

# Procurement and Workforce Development Programs: Policy Recommendations for WIOA Reauthorization

July 2024

With the reauthorization of the Workforce Innovation and Opportunity Act (WIOA), Congress has a chance to improve the nation’s workforce development system to invest more in what works and prioritize results. Results for America urges Congress to consider the following recommendations as part of the WIOA reauthorization:

- 1 | Define and prioritize “evidence-based” solutions.**
- 2 | Publish additional guidance on using performance-based contracting and provide technical assistance through the U.S. Department of Labor.**
- 3 | Allow a longer time horizon for performance-based contracting.**

Through a more effective and efficient use of limited federal dollars, these recommendations will help better connect job seekers to employment, fill employers’ needs for talent and boost economic mobility nationwide.

# RECOMMENDATIONS

## 1 | Define and prioritize “evidence-based.”

WIOA does not currently define “evidence-based.” A clear definition—including the required quality, number and results of evaluations—would provide clarity and consistency to the field. Defining evidence is also the first step in prioritizing it. Once “evidence-based” is defined, WIOA grant programs can require or encourage workforce boards to invest federal dollars in evidence-based strategies.

Since fiscal 2023, the U.S. Department of Labor’s (DOL) Reemployment Services and Eligibility Assessment (RESEA) Grants Program has required states to invest at least 25% of RESEA funds in interventions with high or moderate causal evidence of improving participant outcomes ([as defined in statute](#)). This percentage will increase incrementally until fiscal 2026 when states will be required to invest at least 50% of funds in such interventions.

Three state workforce agencies currently define and prioritize evidence for their programs: [Colorado](#), [Pennsylvania](#) and [Texas](#). We describe how the Texas Workforce Commission defines and prioritizes evidence in a [case study](#) below.

## 2 | Publish additional guidance on using performance-based contracting and provide technical assistance through DOL.

Workforce boards can achieve better outcomes through performance-based contracts, also known as outcomes-based contracts. Under these contracts, payment to providers is tied to key outputs and outcomes, instead of reimbursing them for expenses regardless of impact. Despite the promise of performance-based contracting, workforce boards across the country are often unsure how to use performance-based contracting and what is allowable under WIOA and [encouraged by DOL](#).

In a [case study](#) below, we describe how Pittsburgh’s workforce board is tying payments to outcomes.

## 3 | Allow a longer time horizon for performance-based contracting.

Under the current Federal Acquisition Rules (FAR Subpart 37.6), state and local workforce boards can already use performance-based contracting for outcomes within a two-year period. However, this short timeline focuses the system on connecting job seekers to their next job and places less emphasis on

job quality and long-term economic mobility. WIOA reauthorization should include language allowing state and local workforce boards to enter into performance-based contracts for outcomes extending beyond two years.

Allowing performance-based contracts that use WIOA dollars to have a longer time horizon would empower workforce boards to tie payments to longer-term earning and employment outcomes, such as wage increases over five years. This would help shift the workforce system toward strategies that offer job seekers opportunities for lasting economic mobility. Allowing longer time horizons across the system would also enable lawmakers to phase out Pay-for-Performance (PFP), which has been underused due to red tape.

*To discuss these recommendations with Results for America staff, please reach out to [kenneth@results4america.org](mailto:kenneth@results4america.org). For more information on procurement in workforce development, visit Results for America's [Workforce Evidence-Based Spending Guide](#).*

# CASE STUDIES FROM TEXAS AND PENNSYLVANIA

## HOW THE TEXAS WORKFORCE COMMISSION DEFINES AND PRIORITIZES EVIDENCE

In 2020, the Texas Workforce Commission (TWC) developed a new [evidence framework](#) to define and prioritize evidence of effectiveness in its grantmaking (see the evidence framework below). TWC initially used the evidence framework to award \$1.5 million in grants for the Building and Construction Trades program. In scoring applicants' proposals, TWC awarded up to 10 bonus [points](#) out of 100 based on the level of [causal evidence](#) supporting the application.

To educate current and potential grantees on the new evidence definitions and how TWC would prioritize evidence moving forward, [TWC](#) provided extensive pre-application support via an updated website, comprehensive FAQ documents, webinars and technical assistance. This enabled applicants to develop proposals that met TWC's evidence standards and advanced the State's goal of expanding the use of evidence-based strategies in its workforce development system. TWC allows providers to receive funding for newer programs if they build evidence of effectiveness over the grant or contract period through improved data collection and evaluation.

TWC is now using its evidence framework across other grant programs as well, including the Adult Education and Literacy Employer Engagement Initiative, Texas Talent Connection Grant Program, and additional rounds of Building and Construction Trades grants. Moving forward, the Texas Workforce Investment Council, Texas Higher Education Coordinating Board and Workforce Solutions Rural Capital Area plan to use TWC's evidence framework when issuing grants. For example, the Texas Higher Education Coordinating Board has already used this framework when awarding Perkins grants.

## HOW THE TEXAS WORKFORCE COMMISSION DEFINES AND PRIORITIZES EVIDENCE (CONTINUED)

Evidence Tiers	Criteria Adopted by Texas Workforce Commission
<b>High Evidence Program</b>	At least two rigorous studies must show that the program produces positive and meaningful outcomes, with a high degree of confidence that the outcome is primarily caused by the program.
<b>Moderate Evidence Program</b>	Program must be supported by an approved rigorous evaluation that finds that the program has positive and meaningful outcomes, with a modest degree of confidence that outcomes are primarily caused by the program.
<b>Performance Program</b>	Program must provide historical output and outcome data for at least two years, along with assessments and post-program follow-up to demonstrate effectiveness.
<b>Experience Program</b>	Programs do not perform evaluations of participant success or collect data on the effectiveness of the program. Support for program effectiveness comes from anecdotal success stories or other testimonials.
<b>New Program</b>	Entirely new programs with no evidence of effectiveness or evaluation data. Applicants must explain why the program will achieve positive measurable outcomes and that there is sufficient capacity to collect data and track outcomes.

## HOW PARTNER4WORK TIES PAYMENTS TO OUTCOMES IN PITTSBURGH & ALLEGHENY COUNTY

Since 2020, Partner4Work, the workforce board serving Pittsburgh and Allegheny County, has used performance-based payments in its Industry Recognized Training Pipeline (IRTP) programs. Through IRTP, Partner4Work collaborates with PA CareerLink® and local training providers to help job seekers gain skills and credentials for priority industries that are in demand in the Pittsburgh region, including construction, manufacturing, health care and IT.

In its first IRTP request for proposals (RFP) to include performance-based payments, Partner4Work laid out a payment plan with 50% of the funds paid following enrollment in a training program and the remaining 50% paid on receiving documentation of a credential. Performance-based agreements are intertwined with evidence because tying payment to results creates an incentive for providers to use approaches with evidence of effectiveness. Evidence-driven organizations, including [Per Scholas](#), were awarded contracts through Partner4Work's RFP. Per Scholas was able to serve 70 learners in 2021 and 170 in 2023. It expects 80% of graduates to begin careers in the tech industry within a year of graduation, earning an average starting wage of \$21 per hour, which is a [living wage](#) for the Pittsburgh area.

Partner4Work is now using performance-based payments in other programs as well. Its most recent [Young Adult Reentry RFP](#) will pay 50% of per participant cost upon successful completion of the participant's first day in the provider's program and 50% upon successful completion of the entire program.