

Moneyball for Workforce Development



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 **RESULTS**

FOR AMERICA

About Results for America

Results for America is helping decision makers at all levels of government harness the power of data and other evidence to solve our world's greatest challenges. Our mission is to make investing in what works the new normal, so that when policy-makers make decisions, they start by seeking the best data and other evidence available, then use what they find to achieve better results.

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Introduction

Our government can and should harness the power of data and other evidence to improve equity and pathways that will lead to growth in every community in America. For the past several decades, intergenerational mobility in the United States has been [relatively flat](#); the recent pandemic has [exacerbated the disparities](#) for workers and their families, particularly for Black and Latino/a workers and job seekers. Much more needs to be done if we are to challenge the systems that create poverty, and to expand opportunity at the pace and scale our country needs.

Fortunately, we have a long history and an increasing number of federal policymakers from across the political spectrum who have been building and using data and other evidence to improve outcomes and make our federal government more effective and efficient. Federal departments and agencies also continue to build the capacity they need to use evidence in their budget, policy, and management decisions, as documented in Results for America's [2019 Invest in What Works Federal Standard of Excellence](#).

But Americans believe our country's leadership can and should do significantly more to fund and support an evidence-driven government. According to a [May 2020 poll](#) conducted by the National Opinion Research Center at the University of Chicago, 92 percent of Americans believe that government should use evidence to inform its decisions, and 89 percent are likely to support a political candidate who proposes moving government spending to interventions that have been proven to work.



Workforce development policy should rely even more on data and other evidence moving forward since the COVID-19 global pandemic will continue to have a significant, evolving, and long-lasting impact on the public workforce system. From [unprecedented numbers of unemployment claims](#), disproportionately borne by Black workers, to the permanent closing of small businesses, to the restructuring of entire industries, the workforce system will be responding to the aftershocks of COVID-19 for many years to come. And yet, even as the crisis continues to unfold, there are state and local government workforce agencies leading the way, using data and other evidence to respond rapidly and effectively to the growing workforce needs.

The [San Diego Workforce Partnership](#) is defining and prioritizing job quality, including living wages and worker voice, through performance metrics and outcomes-based contracts, and exploring strategies to increase worker ownership in small businesses. The [Texas Workforce Commission](#) is incorporating [evidence of effectiveness](#) into its contracts, including preference points linked to strong evidence. In May 2020 the Commonwealth of Virginia launched a data trust linking data across six workforce agencies, leveraging the trust to support a [referral portal](#) and [performance dashboards](#), ensuring that customers receive the full spectrum of services available, and ensuring that workforce officials would be able to identify disparities in services and outcomes, and to manage programs, including COVID-19 response, using real-time data. Also in May 2020, the [Pennsylvania Workforce Development Board voted to define evidence of effectiveness](#) for the Commonwealth's public workforce system for the first time in its history. The [Rhode Island Department of Labor and Training](#) was able to shift its decades-old unemployment insurance claims system to a [cloud-based system](#), allowing the state to successfully process and pay [Pandemic Unemployment Assistance](#) benefits long before most other states could do so.

Even before COVID-19 hit, our nation's public workforce system was keeping up with neither employers' demand for talent nor workers' demand for job search and training programs. In particular, the system was not leading to success for Black and Indigenous people, and other people of color. With the [Workforce Innovation and Opportunity Act](#) (WIOA) expiring in September 2020, its reauthorization presents an opportunity for the federal government to significantly increase resources for and use of evidence in local, state, and federal workforce decisions and to achieve better workforce impacts across the country. There is a growing body of work to support this movement; successful interventions and strategies have achieved meaningful impacts on skills and education gains, increased employment rates, and higher wages.

Rigorous causal evaluations of a variety of workforce interventions have shown significant gains in earnings and employment, even at long-term follow-up. For example, [Per Scholas](#), which operates an employment and training intervention for low-income workers that focuses on the information technology sector, was evaluated from June 2011 through June 2013 through a randomized control trial (RCT) that [demonstrated significant long-term earnings and employment gains](#) in the recent eight-year-long follow-up study. In the seven years since this study was conducted, Per Scholas has developed bridge programs for applicants who do not meet the program's required math and reading levels. These bridge programs provide support services, teach basic level education and technical skills, and serve as a pipeline into the main Per Scholas training intervention, allowing it to reach more students. A [well-conducted RCT](#) of eight [YearUp](#) sites, which operates a full-time,

year-long workforce training intervention for economically disadvantaged young adults, found that YearUp increased annual earnings by \$7,011 in the third year after random assignment. Longer-term follow-up is ongoing to determine whether these large earning gains endure over time. The much anticipated [replication RCT of Nevada's Reemployment and Eligibility Assessment](#) program for unemployment claimants demonstrated consistent favorable findings, meaning that the intervention's effects are generalizable. More specifically, Nevada's intervention resulted in earnings gains of 15 percent (\$8,460) over three years, and net government savings. Although increased wages are an important outcome for all of these workforce interventions, we must continue to focus on all aspects of job quality to ensure that power is distributed equitably with workers benefiting from and controlling their own labor.

The next reauthorization of WIOA provides an opportunity for Congress to fund and support state and local government workforce systems to increasingly shift taxpayer funds toward evidence-based interventions and results-driven organizations like these. In addition, the reauthorization of WIOA offers an opportunity for Congress to encourage and support greater alignment within states between social services programs that are key to long-term success for WIOA participants, such as child care; K-12 education; career, technical, and postsecondary education; health-care benefits; and decarceration programs.

The federal government operates more than 40 workforce development programs spread across 14 agencies with annual spending of approximately [\\$19 billion](#), but this report specifically focuses on how WIOA can drive the prioritization of evidence in the three WIOA programs (for adults, youths, and dislocated workers). We recommend leveraging WIOA to rigorously and regularly build, test, and use data and other evidence; to increasingly shift dollars toward evidence-based interventions; and to ensure that evidence-based services are reaching unemployed and underemployed job seekers, incumbent workers, and businesses across the country. These recommendations will require partnership across all levels of government, including financial and technical support from the federal government to states and local areas, to successfully transform our public workforce system into one that achieves high-bar outcomes for all.

Executive Summary

The next reauthorization of WIOA provides an opportunity for Congress to fund and support state and local workforce systems to increasingly shift taxpayer dollars toward evidence-based interventions and results-driven organizations. In this paper, we outline specific recommendations for (1) building evidence for what works, (2) investing in what works, and (3) improving workforce planning, data collection, and procurement. These recommendations, if implemented, could enable the reauthorization of WIOA to catalyze a truly evidence-driven public workforce system.

Section 1. Building Evidence for What Works

The reauthorization of WIOA can help local, state, and federal workforce agencies build and use data and other evidence by enacting the following strategies.

1. Set aside at least 1 percent of WIOA funds for rigorous evaluations.

We recommend WIOA include a requirement that the U.S. secretary of labor set aside at least 1 percent of WIOA funds for rigorous evaluations. Despite Congress's authorization that the U.S. secretary of labor may set aside operating funds for evaluation since FY 2014, the U.S. Department of Labor's (DOL) investment in evaluations has decreased precipitously in the past three years. WIOA already requires that grantees participate in evaluations conducted by the DOL, but we know that, without proper funding for those evaluations, the workforce system cannot build the evidence base needed to improve outcomes. Requiring the secretary to set aside at least 1 percent of WIOA funds for evaluations could help local, state, and federal workforce officials learn and improve; and could target taxpayer dollars to interventions that have shown the most impact.

2. Require and support states to develop longitudinal data systems that integrate administrative data across agencies and allow for a single point of entry.

We recommend requiring and funding the development of Statewide Longitudinal Data Systems (SLDS), ensuring that states combine administrative data from across their social services agencies to better understand what is working in their communities. Additionally, comprehensive SLDS can enable states and local workforce boards to create single points of entry into their social service programs, allowing residents to easily access, or be referred to, the social services they need.

Section 2. Investing in What Works

The reauthorization of WIOA is an opportunity to increasingly shift federal workforce development funds toward evidence-based, results-driven solutions through the following strategies.

1. Define evidence of effectiveness.

We recommend incorporating three levels of evidence of effectiveness into the reauthorization of WIOA grant programs: strong, promising, and preliminary.

2. Prioritize evidence of effectiveness in WIOA grants and contracts.

We recommend requiring states to invest at least 10 percent of each of their three WIOA grant program fund allocations in interventions that meet the promising or strong definitions of evidence of effectiveness described above within the first three years of the authorization. Additionally, state grantees should, wherever appropriate and feasible, rigorously evaluate the funded interventions to determine if the effects found in earlier studies can be successfully reproduced. Percentages should increase in subsequent years to at least 25 percent for interventions with promising or strong levels of evidence of effectiveness.

3. Create a Workforce Innovation and Research Fund.

We recommend creation of a fund to be called the Workforce Innovation and Research Fund. Building on past DOL initiatives, such as the DOL's [Workforce Innovation Fund](#) that funded projects to use evidence in designing program strategies and then to rigorously evaluate the effectiveness of those strategies, this Workforce Innovation and Research Fund could support the expansion of strong evidence-based interventions while also encouraging and evaluating promising and preliminary approaches to continue to build evidence.

Section 3. Improving Workforce Planning, Data Collection, and Procurement

Although not specifically related to identifying and expanding programs with credible evidence of effectiveness, the following recommendations would help WIOA better connect with other public workforce programs and supportive services, strengthen data collection, and improve procurement practices. Results-driven state and local workforce agencies, as well as evidence-based workforce providers, support these recommendations because they would make the agencies' and providers' work more effective and efficient.

1. Increase the comprehensiveness of state WIOA plans, including streamlined integration with other relevant systems.

We recommend requiring states to submit combined WIOA state plans. Only a comprehensive system of social services, from cradle to career, will achieve the outcomes needed for well-trained workers and healthy, stable communities. Congress can leverage WIOA to direct and support state workforce agencies in developing such a system and requiring those agencies to submit combined workforce plans that coordinate their investments across local, state, and federal workforce programs. Given the complexity of this recommended alignment, WIOA should include resources for technical assistance to states for this purpose.

2. Enhance robust workforce performance reporting.

We recommend adding revised and new performance measures—related not just to job placement, but also to [job quality](#) and social outcomes—to the existing WIOA performance measures. These enhanced performance data must be available to local workforce boards at the participant level on a long-term basis to enable analysis of what is working, for whom, and in what contexts.

3. Encourage the use of fixed-price performance-based contracts.

We recommend that, of the WIOA funds spent through external contracts, state and local workforce boards engage at least 20 percent in fixed-price performance-based (also known as outcomes-based) contracts that link funding to high-bar outcomes for program participants. This step could include strategies such as [WIOA Pay-for-Performance](#) or traditional fixed-price contracting strategies; either strategy could be combined with cost-reimbursement.

4. Allow states to use longer contract performance periods.

We recommend allowing states to use longer contract performance periods. Existing WIOA Pay-for-Performance provisions already allow state and local government workforce agencies to set aside 10 percent of their WIOA funds as no-year funding to pay for long-term outcomes under this specific contracting strategy. Moving forward, however, we recommend a tiered approach to allow for more WIOA funds to be used in longer-term contracts—up to three years for promising evidence and five or more years when strong evidence is presented by the applicant. Longer contract terms are essential in enabling communities to track and achieve long-term, high-bar outcomes for states' residents in holistic, scalable ways.

Section 1. Building Evidence for What Works

Although the body of evidence of what works in workforce is growing, evidence is still fairly limited, is not always generalizable to the local context, does not address some of the core programs and services offered by the public workforce system, and is not easily accessed by local workforce officials and providers. The reauthorization of WIOA can help local, state, and federal workforce agencies build and use evidence and data by (1) setting aside at least 1 percent of WIOA funds for rigorous evaluations, and (2) requiring and supporting states to develop longitudinal data systems that integrate administrative data across agencies and allow for a single point of entry.

1. Set aside at least 1 percent of WIOA funds for rigorous evaluations.

According to a [2017 GAO report](#), 39 percent of federal managers said that they did not know if an evaluation of any program, operation, or project they were involved in had been completed within the past five years. Another 18 percent of federal managers reported no evaluations during this same period. Federal, state, and local agencies can improve the impact of WIOA funds if they conduct rigorous evaluations of programs that receive these federal funds to identify which interventions, and which aspects of interventions, are working well and which need to be improved or abandoned. Critical to this recommendation will be inclusion of local evaluations so that results are context-specific.

Several federal agencies have already made ongoing investments in evaluation. For example, Results for America's [2019 Invest in What Works Federal Standard of Excellence](#) found that two of the largest federal foreign assistance agencies and six large domestic federal human services departments invested a proportion of their budgets on evaluation activities in FY 2019.

Congress has authorized the U.S. secretary of labor to set aside DOL operating funds for evaluations through its annual appropriations laws since FY 2014. Between FYs 2014 and 2016 the secretary was authorized to set aside 0.5 percent of DOL operating funds, and between FYs 2017 and 2020 the secretary was authorized to set aside 0.75 percent. Unfortunately, despite Congress's authorizations, the DOL's investment in evaluations has decreased precipitously in the past three years. As table 1 illustrates, the DOL secretary has reduced the use of the evaluation set-aside authority from a high of 0.32 percent (\$32 million) of DOL operating program funds in FY 2016 to a low of 0.01 percent (\$1.9 million) in FY 2019, while also failing to increase its direct appropriation to the DOL's Chief Evaluation Office during this same period.

Table 1. U.S. Department of Labor Evaluation Funding, FYs 2014–2020

| Year | Total Evaluation Dollars (Direct Appropriation + Set-Aside) | Direct Appropriation to the Chief Evaluation Office | DOL Internal Set-Aside for the Chief Evaluation Office |
|---------|--|---|--|
| FY 2014 | \$33 million | \$8 million | \$25 million 0.27% of \$12 billion DOL budget |
| FY 2015 | \$33 million | \$8 million | \$25 million 0.27% of \$11.9 billion DOL budget |
| FY 2016 | \$40 million | \$8 million | \$32 million 0.32% of \$12.2 billion DOL budget |
| FY 2017 | \$41 million | \$8 million | \$33 million 0.30% of \$12.8 billion DOL budget |
| FY 2018 | \$21 million | \$8 million | \$13 million 0.20% of \$10.5 billion DOL budget |
| FY 2019 | \$10 million | \$8 million | \$1.9 million 0.01% of \$12 billion DOL budget |
| FY 2020 | \$11 million | \$8 million | \$3 million 0.09% of \$12.4 billion DOL budget |

Although WIOA Sec. 116(e)(4) requires that grantees participate in evaluations conducted by the DOL, we know that, without proper funding for those evaluations, the workforce system cannot build the evidence base needed to improve outcomes. Requiring the secretary to set aside at least 1 percent of WIOA funds for evaluations could help local, state, and federal workforce officials learn, improve, and target taxpayer dollars to interventions that have shown the most impact. For example, an increasing number of state and local workforce officials have leveraged [behavioral economics strategies](#) to

increase the engagement of job seekers and to improve outcomes achieved through core services at job centers, but adoption has not been widespread. Similarly, high-performing, evidence-based workforce interventions, such as the ones developed and implemented by [Project QUEST](#), [Per Scholas](#), and [YearUp](#), have shown strong results, but only in limited geographical locations. Additional evaluations would allow for generalizability and scaling of these behavioral economics strategies and program models. Evaluation should be used to inform continuous improvement, as we have seen done in testing the use of [behavioral insights in workforce](#) and other [social service programs](#). In this way, workforce leaders can experiment and evaluate program modifications to find evidence-based strategies for increasing program take-up or completion.

2. Require and support states to develop longitudinal data systems that integrate administrative data across agencies and allow for a single point of entry.

To be most effective, state and local workforce boards need longitudinal data systems that (1) integrate administrative data from early childhood, K–12, and postsecondary education; and judicial, public health, and benefits agencies; and (2) allow for a single point of entry for program participants. Critically important is centering [racial equity in data integration](#) efforts and ensuring local level access to these systems to enable continuous improvement.



By investing in and supporting the development of SLDS, WIOA can ensure that states combine administrative data from across their social services agencies to better understand what is working in their communities. WIOA should encourage states to link SLDS across regions to allow for tracking outcomes across state lines to account for migration and individuals that work and live in multiple states. The DOL has supported the development of SLDS through its [Workforce Data Quality Initiative](#) grants (\$6 million in FY 2020), and WIOA provides the opportunity to expand funding for this important work. The National Skills Coalition [estimates the cost of developing an SLDS](#) to range anywhere from \$2.5 million to more than \$7 million annually per state. Maintenance costs also vary depending on the type of system and associated staff, from an annual budget of \$2 million for the [Maryland Longitudinal Data System](#) to \$475,000 a year for the [Virginia Longitudinal Data System](#). It is critical that these enhanced, linked data systems provide data in timely and user-friendly ways so that workforce boards and program managers can make real-time decisions to improve outcomes. Additionally, these data systems allow rigorous program evaluations to be conducted at low or modest cost since key study outcomes—such as employment, earnings, or public benefit receipt—can be measured with administrative data.

By linking state workforce data to other administrative data systems—such as child care; K–12, career, technical, and postsecondary education; and health, benefits, and judicial systems—state and local workforce boards can create single points of entry into their social service programs. A single point of entry allows any resident the ability to access, or be referred to, all social services through that resident's local workforce board. Instead of having to travel from location to location, participants could, physically or virtually, fill out much of the same eligibility paperwork in one place. Similarly, an individual applying for Temporary Assistance for Needy Families (TANF) could be connected to WIOA services. With this single point of entry, states and local communities can ensure that residents are receiving all of the services they need to improve their chances of achieving economic stability. It also eliminates the burdens and frustrations that come with having to visit multiple agencies on different days and at different times to enroll in services.

SLDS Leading Examples

Kentucky

Kentucky's Center for Statistics ([KYSTATS](#)), created in 2012, maintains the Kentucky Longitudinal Data System, which integrates data from the Kentucky Department of Education, the Council on Postsecondary Education, the Education Professional Standards Board, the Kentucky Higher Education Assistance Authority, and the Kentucky Education and Workforce Development Cabinet. KYSTATS collects and links data to evaluate education and workforce efforts, and ensures compliance with the federal Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, and all other relevant federal and state privacy laws (see, e.g., [KRS § 151B.133\(12\)](#)).

KYSTATS has allowed Kentucky to examine important questions and improve education and workforce services. For example, by linking education and employment records in the future, Kentucky will know if graduates are entering the workforce and earning a reasonable wage, how well colleges are meeting the needs of Kentucky's industries, and what the return on investment is for Kentucky's education and training programs.

Rhode Island

Rhode Island's [RI DataHUB](#) brings together data sets from multiple federal, state, and local sources on the early childhood, K–12, and the postsecondary and workforce continuum, for use by state and community partners, researchers, and analysts to help measure impact, support interdisciplinary research, and inform policy decisions. The RI DataHUB was initially created in 2009, but more recently the state is leveraging a data lake to increase the usability of shared data while addressing data security and privacy concerns. During the 2020 surge

in unemployment claims due to COVID-19, the state was able to [successfully process claims and weekly certifications](#) using this new cloud-based system.

Texas

The Workforce Information System of Texas (TWIST) links data across workforce funding streams for intake, eligibility determination, assessment, service tracking, and reporting of Texas Workforce Commission-administered programs, such as subsidized child care, Supplemental Nutrition Assistance Program (SNAP) Employment and Training Program, the TANF Choices Program employment services, and WIOA. TWIST allows One-Stop partners to share a common intake system, reducing burden on frontline staff as well as program participants. TWIST also links to WorkInTexas, which is the statewide system for tracking workforce services such as résumé preparation and job matching.

Virginia

The Commonwealth of Virginia links data across six state workforce agencies, with three more agencies planned to be included in the data trust. Because eligibility determinations are frequently made using agency- or program-specific data systems, customers previously had to go through duplicative intake processes across various government agencies. In most cases, agency-to-agency referrals for workforce services that could significantly improve customer outcomes relied on individual case managers' institutional knowledge and personal relationships. By linking Virginia's workforce data trust, [referral portal](#), and [performance dashboards](#), the Commonwealth's new system better ensures that customers receive the full spectrum of services available.

Washington

Washington State's [Workforce Training and Education Coordinating Board](#) links student data with wage records in their [Career Bridge](#) system to provide public information about hundreds of education and training programs and how those programs are performing in terms of student outcomes and meeting the needs of industry.

Section 2. Investing in What Works

We recommend that the reauthorization of WIOA increasingly shift federal workforce development funds toward evidence-based, results-driven solutions by (1) defining evidence of effectiveness, (2) prioritizing evidence of effectiveness in WIOA grants and contracts, and (3) creating the Workforce Innovation and Research Fund.

1. Define evidence of effectiveness.

A critical link between building evidence and providing evidence-based workforce services to job seekers and incumbent workers is funding. The federal government can both build a greater evidence base and ensure dollars are invested effectively and efficiently by prioritizing evidence of effectiveness in WIOA grant programs. The first step in achieving this goal is defining different levels of evidence. We recognize the value of different types of evaluation and evidence, including rigorous implementation studies and formative evaluations, and strongly encourage the development of internal evaluation capacity to support continuous improvement. We focus these evidence definitions on setting the standard for rigorous causal evidence.

We recommend incorporating the following three levels of evidence of effectiveness into the reauthorization of WIOA grant programs:

- **Strong evidence:** Refers to programs shown in well-conducted RCTs, carried out in typical community settings, to produce sizable, sustained effects on important outcomes. This category requires replication—specifically, the demonstration of such effects in two or more RCTs conducted in different implementation sites, or, alternatively, in one large multisite RCT. For specifics on what constitutes a well-conducted RCT, please see the DOL's Clearinghouse for Labor Evaluation and Research ([CLEAR](#)) [Causal Evidence Guidelines](#).
- **Promising evidence:** Refers to interventions that have been evaluated in RCTs or rigorous quasi-experimental studies, and found to have positive effects that are sizable, but not yet conclusive (e.g., due to only short-term follow-up, a single-site study design, well-matched comparison groups but not randomization, or effects that fall short of statistical significance). For specifics on what constitutes a well-conducted quasi-experimental study, please see [CLEAR's Causal Evidence Guidelines](#).
- **Preliminary evidence:** Refers to the model that has evidence based on a reasonable hypothesis and supported by credible research findings. Such evidence suggests the program may be an especially strong candidate for further research but does not yet inspire confidence that the program would produce important effects if it were implemented in new settings.

These definitions build on and strengthen the Reemployment Services and Eligibility Assessment ([RESEA](#)) [program regulations](#) by specifying that the outcomes are sizable, sustained, and policy-relevant.



2. Prioritize evidence of effectiveness in WIOA grants and contracts.

Having a shared understanding of what constitutes evidence of effectiveness is a crucial first step in expanding investments in evidence-based interventions. It is also important, though, to prioritize these definitions during the allocation of WIOA grant program funds so that workforce interventions that have the most rigorous evidence receive the most funding. Prioritizing evidence in the allocation of WIOA funds also signals to the marketplace the importance of evidence and can push providers to invest in evaluations and data analysis of their interventions. Recognizing that a significant proportion of WIOA funding goes to infrastructure costs such as One-Stop Job Centers, there are opportunities that remain to focus funding on evidence-based strategies and interventions.

Beginning in FY 2023, for example, RESEA will require state workforce boards to invest at least 25 percent of their RESEA funds in interventions with high or moderate causal evidence as defined by CLEAR. By FY 2025 state workforce boards must invest at least 40 percent of funds in this manner, and by FY 2026 they must invest 60 percent.

The reauthorization of WIOA should incorporate a similar tiered-funding framework model by requiring state workforce boards to ensure that they as well as local workforce boards are investing at least 10 percent of each of their three WIOA program fund allocations listed below in interventions that meet the promising or strong causal definitions of evidence of effectiveness described above within the first three years of the authorization. This evidence requirement should increase in subsequent years to at least 25 percent. This will require that states collect evidence information on all WIOA contracts and grants issued by their local boards moving forward. Additionally, state grantees should, wherever appropriate and feasible, rigorously evaluate the funded interventions to determine if the effects found in earlier studies can be successfully reproduced.

1. Adult Employment and Training Program (\$854 million in FY 2020)
2. Youth Workforce Investment Program (\$923 million in FY 2020)
3. Dislocated Worker Employment and Training Program (\$1 billion in FY 2020)

As it has with its RESEA requirements, the DOL can leverage CLEAR to conduct reviews and provide assistance to states seeking evidence-based interventions to implement and fund. CLEAR also provides systematic reviews of evaluations of workforce development programs, including user-friendly summaries of both the outcomes and strengths of evidence assessments. Because there are few workforce strategies that currently have promising or strong evidence, it is essential that this recommendation to invest in prioritizing evidence go hand in hand with investments in building evidence through evaluation.

3. Create a Workforce Innovation and Research Fund.

WIOA requires a basic level of performance reporting, but there is little incentive for funds to be directed toward evidence-based interventions. Defining evidence and requiring an increasing percentage of WIOA funds to be invested in an evidence-based manner is a first step in ensuring participants in WIOA-funded programs receive the most-effective services possible. But WIOA should do more to evaluate, expand, and replicate programs that already have a rigorous evidence base by authorizing creation of the Workforce Innovation and Research Fund.

Building on past DOL initiatives, such as the [Workforce Innovation Fund](#), which funded projects to use evidence in designing program strategies and then evaluate the effectiveness of those strategies, this Workforce Innovation and Research Fund could support the expansion of strong and preliminary evidence-based interventions while also encouraging promising approaches to continue to build evidence. In-house capacity building for data analysis and evaluation could also be supported for state and local workforce agencies.

The U.S. Department of Education's [Education Innovation and Research](#) (EIR), which was funded at \$190 million in FY 2020, provides an effective and efficient model that WIOA's Evidence and Innovation Fund could mirror. Since 2010 EIR (and its predecessor, the Investing in Innovation, or i3, program) has shifted more than \$1.95 billion toward evidence-based education programs through more than 250 grant awards. The EIR program requires its grantees to conduct rigorous, independent evaluations that address the estimated impact of the EIR-supported effort on a relevant outcome. The evaluation findings must be made broadly available digitally and free of charge. A [2018 study](#) of every grant awarded through 2016 found 97 percent of project evaluations were high quality and independent, 78 percent of projects were being implemented with fidelity, and one in five grantees achieved positive results; the more evidence-based a project was when awarded a grant, the better results it achieved.

Like EIR, the Workforce Innovation and Research Fund could offer three types of grants: early-phase, mid-phase, and expansion grants (table 2). The grants differ in terms of the level of prior evidence of effectiveness required for consideration for funding, the expectations regarding the kind of evidence and information funded projects should produce, the level of scale funded projects should reach, and, consequently, the amount of funding available to support each type of project.

Table 2. Early-Phase, Mid-Phase, and Expansion Grants

| Early Phase | Mid Phase | Expansion |
|--|---|---|
| Develops and tests innovative workforce development strategies. | Further develops innovative workforce development strategies, and regionally or nationally scales those strategies. | Scales nationally those strategies demonstrated to be effective. |
| Applicants must meet standards for preliminary evidence (as defined in section 2). | Applicants must meet standards for promising evidence (as defined in section 2). | Applicants must meet standards for strong evidence (as defined in section 2). |
| Small awards. | Medium awards. | Large awards. |
| More awards. | Middle awards. | Few awards. |

Section 3. Improving Workforce Planning, Data Collection, and Procurement

The recommendations in sections 3 are distinct from the evidence-based policy recommendations in sections 1 and 2. Evidence-based policy focuses on identifying and expanding programs with credible scientific evidence of positive effects on participants' lives, as measured against a control or comparison group. Section 3 focuses on complementary tools that are designed, for example, to track progress toward intended program outcomes and to suggest which programs and practices hold the most promise for improving performance and which do not. However, such tools are not meant to conclusively answer questions about how outcomes would differ in the absence of a program (i.e., the program's impact).

We recommend better connecting WIOA with other public workforce programs and supportive services, expanding data collection, and improving procurement practices by (1) increasing the comprehensiveness of state WIOA plans, including streamlined integration with other relevant systems; (2) enhancing robust workforce performance reporting; (3) encouraging the use of fixed-price performance-based contracts; and (4) allowing states to use longer contract performance periods.

1. Increase the comprehensiveness of state WIOA plans, including streamlined integration with other relevant systems.

We recommend that all states submit a combined WIOA plan that includes funding and programmatic strategies for the following:

- [Community Development Block Grant](#)
- [Community Services Block Grants](#)
- [Every Student Succeeds Act programs](#)
- [Housing and Urban Development Employment and Training Programs](#)
- [Jobs for Veterans State Grants](#)
- [Perkins Career and Technical Education](#)
- [Second Chance Act](#)
- [Senior Community Service Employment Program](#)
- [Social Services Block Grant Program](#)
- [Supplemental Nutrition Assistance Program Employment and Training](#)
- [Temporary Assistance for Needy Families](#)
- [Trade Adjustment Assistance](#)
- [Unemployment Insurance](#)
- [WIOA](#)

Federal support, in the form of funding as well as aligning performance reporting and allowing for blended funding across programs, is necessary to enable truly meaningful programmatic coordination. The administrative data from these programs should also be included in the comprehensive longitudinal data system described in section 1. Even where it is not possible to integrate all of these programs into a plan, states should work to incorporate as many of them as possible, and to leverage the evidence definitions described above in section 2 when administering the funds.

Under [current DOL guidance](#), states that submit a combined plan “need not submit a separate plan or application” for each included federal program. If federal reporting requirements were aligned across programs, states could more easily braid funding to develop cohesive systems. Some of the timelines for filing plans for programs that states would like to consolidate with WIOA—for example, federal [Vocational Rehabilitation](#) programs—do not align with the WIOA plan timelines. Congress should direct the relevant agencies to align the plan submission timelines so states can submit combined plans for all programs. Additionally, allowing states to blend funding from programs included in their combined plan would provide a strong incentive for them to strengthen partnerships and ensure a seamless system of services.

Only a comprehensive system of services, from cradle to career, will achieve the outcomes needed to produce well-trained workers and healthy, stable communities. In order to successfully participate in training, find a job, and keep a job, job seekers cannot be in crisis. Wrap-around services can help clients meet basic needs so that they can fully participate in workforce programs. Legislators can use WIOA, and related program legislation, to direct and support state workforce development boards in developing such a system and requiring those boards to submit combined workforce plans that coordinate

their investments in local, state, and federal workforce programs. Given the complexity of this alignment, WIOA should include resources for technical assistance to states for this purpose.

States should also use their combined plans to identify and describe how they will encourage local workforce development boards, and all other public agencies that manage workforce funds, to use strategies for building and acting on evidence in allocating funds in order to achieve economic mobility and quality jobs for those that the states serve. Given the importance of providing comprehensive services, but also acknowledging the difficulty in doing so, the federal government should support state efforts to seamlessly link the states' workforce and human services systems. One way to support states' efforts to implement those plans is to require combined plans, provide the technical assistance to develop those plans, and make funding available.

2. Enhance robust workforce performance reporting.

WIOA should require all states to report enhanced performance metrics, including metrics that follow participants well beyond their receipt of WIOA services, as well as individuals who are not enrolled in WIOA but who are receiving workforce services at the local level. Long-term performance metrics can help to align incentives and push for more coordination across workforce, education, and other service programs. As mentioned above, it is critical that these enhanced data be available to workforce leaders and program managers frequently enough to inform real-time decision making. The additional performance indicators recommended in this section will not be possible without the comprehensive SLDS recommended in section 2.



Currently, WIOA has six [performance accountability indicators](#) that assess the effectiveness of states and local workforce boards in achieving positive outcomes for participants. The limited scope of these indicators has helped to perpetuate serving individuals most likely to find employment and does not incentivize changes to systemic inequities undergirded by racism, discrimination, and capitalism. By focusing on job quality and long-term gains, WIOA can improve equity and economic mobility across the country.

We recommend adding the following two revised and seven new measures related not just to job placement, but also to [job quality](#) and social outcomes to the required performance accountability indicators in the next reauthorization of WIOA:

1. Entered employment and job tenure at one, three, and five years. (revised)
2. Earnings at one, three, and five years. (revised)
 - a. Reliable, predictable earnings that are above self-sufficiency for family size and that cover basic living expenses and opportunities to begin to build wealth.
3. Benefits such as health-care benefits, retirement savings, predictable hours, and family leave.
4. Working conditions that are safe, free from discrimination and harassment, and welcoming of workers' concerns and ideas for improvement.
5. Opportunities to learn, grow, and advance within either the organization or the field.
6. New felony convictions at one, three, and five years.
7. Access to stable housing for those previously experiencing homelessness.
8. Conversion of credentials from home country for skilled immigrants.
9. Job quality indicators for employers receiving job center services.

Additionally, these participant-level data, including a base wage file that includes data for non-WIOA participants, should be available to local workforce boards for at least five years after participants exit a program. There should be some flexibility in setting targets for these metrics so that they are tailored to suit the population being served, do not incentivize creaming, and are adjusted for local economic conditions.

WIOA currently requires states and local workforce boards to report limited performance data for participants, but it does not require enough specific data to provide the kind of useful information that states and local boards need to adjust their programs to better serve participants. For example, states and local boards must report whether a participant was hired one year after receiving services, but the data that the states and local workforce boards really need concern whether that job was a high-quality job and how long the participant kept that job; whether the participant received other social services, or needed them but did not receive them; and whether the participants' earnings are enough to support themselves and their families or if additional support is needed. Narrow, short-term performance metrics incentivize short-term goals, and, more importantly, fail to provide workforce agencies with the data they need to understand what services and programs are truly helping individuals gain meaningful employment and which help employers to create high-quality jobs and fill them with the talent they need. To minimize costs, it will be important to source metrics, to the extent possible, from administrative data that are already being collected. Other data could be collected throughout the process, from identifying quality features at the point of job development, to identifying job quality needs of individuals through the case management process, and confirming existence of the job quality indicators at placement and follow-up.

The system is still adjusting the current performance metrics, but the next iteration of WIOA could begin a pilot that works with a few leading states to define, measure, and track high-quality jobs. For example, the [San Diego Workforce Partnership](#) is already implementing [job quality metrics](#), and is requiring its vendors to collect and meet job quality standards. These enhanced performance metrics combined with the development or improvement of SLDS across the country will allow states to make WIOA funding and performance data available online to the public in a manner that is easy to search and understand. These data can empower job seekers, incumbent workers looking to upskill, and employers seeking talent to make better-informed choices about what job path to pursue, skill set to seek, or workers to hire based on predicted returns on investment. Better data also allow local workforce boards to better ensure that training providers are held accountable for meeting the specific needs of their community and can help to uncover patterns of discrimination and inequitable outcomes.

3. Encourage the use of fixed-price performance-based contracts.

We recommend that, of the WIOA funds spent through external contracts, state and local workforce boards engage at least 20 percent in fixed-price performance-based (also known as outcomes-based) contracts that link funding to high-bar outcomes for program participants. This could include strategies such as [WIOA Pay-for-Performance](#), or traditional fixed-price contracting strategies; either strategy could be combined with cost reimbursement.


Fixed-price, performance-based contracts help focus government and providers on what really matters—delivering results for the people they serve—by linking payment directly to desired outcomes. By contrast, traditional cost-reimbursement contracts pay the same amount for the services provided, regardless of whether those services actually help people gain skills, get jobs, or earn higher wages. Performance payments tied to outcomes for [priority populations](#) can increase enrollment and positive impacts for populations who are currently underserved by the public workforce system and who are discriminated against in training programs and employment. With outcomes-based contracts, providers have the flexibility to serve participants in customizable ways, and are less hindered by prescriptive cost-reimbursement contract terms. In addition, larger payments can be linked to favorable outcomes for individuals who face more barriers to employment. To fully capture the benefits of this type of contracting, the appropriate monitoring, audit, and finance controls must be applied. For example, it would not make sense to require the same type of cost-reimbursement reporting on a contract that is paying for outcomes, because the payment is not based on costs. Furthermore, government partners can build more muscle around managing contracts with real-time data while having the assurance that full payment will be made only if priority outcomes are met.


The DOL has actively promoted strengthening outcomes-based approaches; in the [2016 WIOA Final Rule](#) the DOL encouraged local areas “to refocus these traditional performance-based contracts to place an emphasis on the contractor achieving outcomes like participants obtaining and retaining good jobs, rather than outputs like the number of people served.” This encouragement, however, has not led to widespread use of the outcomes-based procurement strategy. In part this is because outcomes-based


contracting is new and local areas need support and training to understand how to do it, including the appropriate monitoring, as mentioned above. It is also due, in part, to the DOL's own failure to provide guidance, contract modifications, and the other technical aspects necessary for local areas to use their WIOA dollars in this manner. In the next authorization of WIOA we recommend that Congress direct the DOL to release guidance on implementing the statute's performance-based contracting provisions within a specified period, such as 90 days after enactment.

Performance-based Contracting Leading Examples

Some state and local government workforce agencies are already taking an outcomes-oriented procurement approach and seeing real benefits.

 The [Nevada Governor's Office of Workforce Innovation](#), for example, used its WIOA set-aside funding to release a [request for proposal \(RFP\) for 2018–19 work-based learning grants](#) that combined evidence-based strategy requirements with WIOA Pay-for-Performance. Nonprofits or employers were eligible to apply for funding to implement specific work-based learning programs with evidence of impact, including paid internships/cooperatives, on-the-job learning, and pre-apprenticeship and registered apprenticeship programs. The contract allowed for a base level of funding depending on the difficulty of the population being served, with the remainder paid out once agreed-on outcomes had been achieved.

 San Francisco's [Office of Economic and Workforce Development](#) currently offers WIOA job centers a 10 percent performance-based payment to encourage placement of individuals with barriers to employment into jobs paying above the minimum wage. San Francisco City and County's [RFP](#) states, "[The agency] will provide a base cost-reimbursement amount for start-up, operating expenses, training and supportive services. 90% of the grant budget will be offered as the base reimbursement amount. The remaining 10% of the grant amount will be set aside for performance-based grant achievements."

 The [New Orleans Workforce Development Board](#) provides another example of linking funding to outcomes. The Board partnered with the New Orleans Business Alliance to support the expansion of workforce services and employer engagement for opportunity youths (i.e., youths who are not in school and not working) that focused on outcomes such as continuing employment beyond six months with two or fewer job changes, no arrests resulting in convictions, and at least \$400 in personal savings per participant by program end. These metrics fall outside of WIOA's traditional performance metrics, but are critical to fulfilling the city's plan for ensuring economic mobility for all of its residents. The [2019 RFP](#) that incorporates these outcomes measures leveraged a combination of cost-reimbursement and bonus payments to achieve outcomes for New Orleans's opportunity youths. In March 2020 New Orleans released an [RFP](#) for an outcomes-based contract seeking a One-Stop operator and WIOA service provider.

4. Allow states to use longer contract performance periods.

Currently, WIOA funds must be expended within two years; any funds left at the end of that time are sent back to the federal treasury. Additionally, 70 percent of funds must be spent within the first year, which creates another barrier. Providers who achieve high-bar, long-term outcomes often require more than two years to work with and follow up with job seekers to ensure success. Providers offering models with strong causal evidence should be eligible to receive contract terms for five years, or longer on a case-by-case basis, with no restrictions on when funding needs to be drawn down. This structure would allow WIOA providers that already have evidence of their model's effectiveness more time to implement their programs with fidelity and to track participants to verify achievement of outcomes. This approach could provide meaningful information for the field and allow for the scaling of high-impact programs.

WIOA Pay-for-Performance already allows workforce agencies to set aside 10 percent of their WIOA funds as no-year funding to pay for long-term outcomes under this specific contracting strategy. Moving forward, however, we recommend a tiered approach to allow for more WIOA funds to be used in longer-term contracts, up to three years for promising causal evidence and five or more years when strong causal evidence is presented by the applicant. Longer contract terms are essential in enabling communities to track and achieve long-term, high-bar outcomes for their residents in holistic, scalable ways.

The enactment of the WIOA Pay-for-Performance provision in 2014 was a potentially transformative opportunity to empower and encourage workforce development boards across the country to decisively harness the potential of outcomes-based contracting. Unfortunately, although the provision was enacted with broad bipartisan support in 2014, for six years now the provision has languished under first a Democratic and now a Republican administration. Inexcusably, as of this writing six years later the DOL has yet to release a Training and Employment Guidance Letter offering regulatory guidance for how state and local workforce boards can implement this novel provision. Two boards that did launch innovative projects under this provision, as clearly authorized by WIOA, have seen both projects interrupted or complicated by the lack of clear federal guidance. This, in turn, has discouraged other workforce boards around the country from taking action.

This status quo is unacceptable. The DOL's Employment and Training Administration should expeditiously issue a Training and Employment Guidance Letter, including clear guidance on the implementation of no-year funding to pay for outcomes. A new cohort of state and local boards should work together to launch a wave of projects under this provision once federal guidance is finally issued. And, in the next reauthorization of WIOA, Congress should adopt a firmer approach, including clear proscriptive deadlines by which the DOL must issue implementation guidance.

Conclusion

The recent unprecedented strains on the public workforce system, while heart-wrenching given the number of people in need of services, have provided a unique window and opportunity to see weak points, to test strategies, and to clarify our mandate for improvement. The next reauthorization of WIOA can catalyze this improvement by pushing to rigorously and regularly build, test, and use evidence and data; increasingly shift dollars toward evidence-based interventions; and ensure evidence-based services are reaching unemployed and underemployed residents, job seekers, incumbent workers, and businesses across the country. The legislative and executive branches of the federal government have the opportunity to lead this partnership across all levels of government to successfully transform WIOA programs in the short term and to ultimately leverage the close to [\\$19 billion](#) spent by the federal government annually.



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