

GRWDB Pay-for-Performance Contract Strategy Policy

Purpose: A Pay-for-Performance Contract Strategy Policy, required under Workforce Innovation and Opportunity Act (WIOA) Title I programs, as per NJWIN 13-15, was approved at the Oct. 6, 2022, board meeting of the Greater Raritan Workforce Development Board (GRWDB).

Background: WIOA provides great flexibility regarding the types of Work-Based Training that is allowable and also the use of contracts to provide training services for adults and dislocated workers. The previous Workforce Investment Act (WIA) allowed the use of contracts, as opposed to individual training accounts (ITAs) only in limited circumstances for adults and dislocated workers; WIOA provides more options for using training contracts, including the use of ITAs and contracts for an individual in certain circumstances, such as when the participant is in a registered apprenticeship (RA). Training and Employment Guidance Letter (TEGL) 3-15 provides guidance on the use of training contracts for Work-Based Training,

ITAs are the primary method to be used for procuring training services under WIOA. However, in certain circumstances a contract for training services may be developed instead of an ITA. Under section 134(c)(3)(G)(ii) of WIOA, the contract exceptions to an ITA have been expanded

- On-the-job training, which may include placing participants in a RA program, customized training, incumbent worker training, or transitional jobs
- If the local board determines that there are an insufficient number of eligible providers of training services to use ITAs
- If there is a training services program of demonstrated effectiveness offered in a local area by a community-based organization or other private organization
- If the local board determines that the most appropriate training could be provided by an institution of higher education to train multiple individuals for jobs in in-demand sectors or occupations; and
- If the local board determines, a Pay-for-Performance contract is the most effective means of providing training services (note that no more than 10 percent of the local funds may be spent on Pay-for-Performance Contract Strategies as they are defined in section 3(47) of WIOA);

Policy: Per WIOA, Local Areas may utilize a Pay-for-Performance Contract Strategy if the Local Board determines this is the most effective means of providing training services.

In the Greater Raritan Local Area the term “pay-for-performance contract strategy” means a procurement strategy that uses pay-for-performance contracts in the provision of training services described in section 134(c)(3) or activities described in section

129(c)(2), and includes—

- a) contracts, each of which shall specify a fixed amount that will be paid to an eligible service provider (which may include a local or national community-based organization or intermediary, community college, or other training provider, that is eligible under section 122 or 123, as appropriate) based on the achievement of specified levels of performance on the primary indicators of performance described in section 116(b)(2)(A) for target populations as identified by the local board (including individuals with barriers to employment), within a defined timetable, and which may provide for bonus payments to such service provider to expand capacity to provide effective training
- b) a strategy for independently validating the achievement of the performance described in subparagraph (A); and (C) a description of how the State or local area will reallocate funds not paid to a provider because the achievement of the performance described in subparagraph (A) did not occur, for further activities related to such a procurement strategy, subject to section 189(g)(4).

The GRWDB will work with Career Services provider to implement a Pay-for-Performance Contract Strategy in the event the GRWDB determines the contract is the most effective means of providing training services.