

Promoting Innovation in Workforce Development

By Kenneth Megan | January 2026

INTRODUCTION

There has been significant effort in recent years to improve the federal workforce development system. In 2024, Congress nearly passed major workforce reforms, including several bipartisan [provisions](#) to improve workforce data infrastructure and strengthen evidence-based policymaking. More recently, the Trump administration has proposed a vast overhaul of federal education and workforce policy—from consolidating nearly a dozen workforce programs into a single “Make America Skilled Again” grant program for states to developing [a new talent strategy](#) focused on accountability, employer-driven strategies and AI innovation.

However, for now, existing federal workforce development policy remains anchored in the Workforce Investment and Opportunity Act (WIOA), the federal government’s marquee workforce legislation, which has not been updated since 2014. Over that time, WIOA has shown mixed results. On the positive side, WIOA-supported interventions like individualized career services have [shown](#) positive, though small, effects, and programs like YouthBuild have [increased participants’ attainment](#) of key educational and career credentials. But, on the negative side, WIOA often falls short of improving outcomes for participants. [For example](#), in Fiscal Year 2023, nearly 30% of WIOA program participants were not employed six months after exiting the program, and the median earning among adult participants was just \$8,000 (\$34,000 annualized) after six months of exiting.

At the same time, there is [growing knowledge](#) on what actually works to boost workforce outcomes for participants, including strategies like [sectoral training](#), [employment social enterprises](#), employment coaching and [on-the-job training](#).

Ultimately, federal policy should focus on expanding leading evidence-based workforce approaches, while also testing new and innovative practices to grow the evidence base over time. Such a structure

would better leverage taxpayer dollars by investing in proven strategies, while also ensuring the workforce system is able to adapt to changing realities on the ground.

Fortunately, there is an existing framework that can achieve both of these goals simultaneously: a workforce development innovation fund (WDIF).

BACKGROUND ON INNOVATION FUNDS

Innovation funds are grant programs that support researchers and practitioners to test and scale innovative solutions that address policy challenges. In the case of workforce development, an innovation fund would support strategies that lead to positive workforce outcomes like increased skills, wages and higher levels of employment over time. Innovation funds provide proportionally more funding for strategies that already have a strong track record of success, to ensure that dollars are efficiently flowing to proven interventions, while also supporting the piloting and evaluation of new and innovative ideas. This approach helps to identify new effective practices, enriching the field over time by growing the evidence base for a particular policy area.

The Existing Innovation Fund Landscape

Several existing and previous innovation funds have played important roles in scaling evidence-based programs and have identified effective strategies at a much higher rate than typically found in rigorous evaluations.

- The Education Innovation and Research (EIR) program (previously called i3) is an innovation fund focused on K-12 and has enjoyed long bipartisan support. EIR facilitated the scale-up of Teach for America, an evidence-based educator recruitment program that places new college graduates as classroom teachers in public schools, as well as the Knowledge is Power Program (KIPP), a public charter school network that has demonstrated to improve test scores among students.
- Bipartisan appropriations language led to the creation of a companion postsecondary fund, the Postsecondary Student Success Grants Program (PSSG); in 2024, Reps. Lori Chavez-DeRemer (R-OR) and Melanie Stansbury (D-NM) introduced the Postsecondary Student Success Act to formally authorize PSSG.
- The Social Innovation Fund (SIF) under AmeriCorps was launched in 2009 and combined nearly \$1 billion in public and private resources to leverage the impact of community-and evidence-based solutions to strengthen workforce outcomes. Though now sunsetted, SIF notably supported the expansion of Year Up United and Per Scholas, both evidence-based sectoral employment programs that generate large and lasting impacts on worker earnings.

And, in fact, a decade ago, the Department of Labor implemented [the Workforce Innovation Fund \(WIF\)](#) with a tremendous success rate: about half of projects with causal evaluations found positive impacts on key outcomes such as earnings. WIF, which has since sunsetted, supported initiatives ranging from apprenticeships to career pathways to employer engagement and sectoral strategies. A new Workforce Development Innovation Fund could incorporate structural improvements to empower even greater success, including early-stage development support for programs that are on the cusp of readiness for rigorous impact evaluation; ongoing support for refinement and sustainability of the most proven models for continued scaling and adaption to new settings and labor market needs; and an even stronger focus on the programs with greatest potential to drive sustained, significant earnings and employment increases.

Innovation Funds Have Bipartisan Support

The workforce development innovation fund model has been championed by both Republicans and Democrats. In 2021, U.S. Reps. Mikie Sherrill (D-NJ) and David McKinley (R-WV) introduced the [Expanding Pathways to Employment Act](#), which would have authorized an innovation fund for workforce development. In 2024, Rep. Sherrill introduced a follow-up bill, the [Better Jobs through Evidence and Innovation Act](#), with a [Senate companion](#) introduced by Sen. Michael Bennet (D-CO).

WORKFORCE DEVELOPMENT INNOVATION FUND: PROGRAM DESIGN

This overview draws on the Better Jobs for Evidence and Innovation Act ([S. 4008](#) and [H.R. 10312](#)), bicameral legislation introduced in the 118th Congress by Sen. Michael Bennet (D-CO) and Rep. Mikie Sherrill (D-NJ).

A WDIF would provide pilot funding for innovative solutions to strengthen workforce development, with higher levels of funding for strategies with a demonstrated track record of success.

Types of Grants under a WDIF

A WDIF would support three types of grants tied to the level of evidence underpinning a specific intervention.

- **Early-Phase Grants:** These grants would develop, test and rigorously evaluate innovative approaches to improve workforce development outcomes that are not yet backed by research, but for which there is a reasonable hypothesis surrounding why a proposed strategy would be effective.
- **Mid-Phase Grants:** These grants would support the operation, expansion, and further evaluation of interventions with a moderate or high level of evidence. This includes interventions that have been validated through at least one experimental study like a randomized control trial or a quasi-experimental study.

- **Expansion Grants:** These grants would be reserved for interventions that are supported by two experimental studies like randomized control trials (e.g., a high level of evidence). As the name suggests, these grants would be used to scale up and expand effective approaches at improving workforce development. Prospectively, leading models could receive multiple grants without needing to do another evaluation if DOL determines the evidence base is sufficiently compelling, providing a path for the strongest programs to scale longer-term.

We recommend that at least 50% of total funding under a WDIF be allocated towards interventions with a “High Level of Evidence” to ensure that a large proportion of workforce dollars are flowing to proven strategies that improve outcomes.

Ultimately, this framework would steer federal workforce dollars to proven interventions, while also supporting and evaluating new and innovative strategies. Innovating and steering dollars to what works would translate to improved outcomes for jobseekers, who would benefit from a wider range of effective approaches to gain new skills and improve their employment outcomes.

Key Outcomes

It is crucial that outcomes are well-defined in an innovation fund, as this ensures that success is measurable, and that the reviewers of grant proposals are aligned in their understanding of what constitutes a strong grant application.

We recommend emphasizing increased earnings and employment levels among participants for a specified time period after exiting a program, as well as tracking cost-effectiveness and degree attainment. Data should also be disaggregated to measure outcomes for individuals with barriers to employment.

Grants funded under a WDIF would not only track these outcomes, but grant reviewers would also assess these outcomes when reviewing the evidence base for a given intervention in a grant application. A portion of all grant awards would go towards conducting rigorous evaluations to analyze the effectiveness of the intervention and help grow the evidence base in workforce development.

THE BIG PICTURE

A WDIF has the potential to be transformative as it would incentivize the development of innovative solutions to improve workforce development while simultaneously steering dollars towards proven interventions that improve earnings and employment outcomes. A WDIF could be implemented as a discretionary grant program as part of WIOA reauthorization, which is how it would have been operationalized under the [Better Jobs for Evidence and Innovation Act](#), or as a priority for funding under DOL’s existing evaluation authority.

It could also potentially be implemented as the centerpiece of a large-scale reform to the current federal workforce policy landscape. For example, DOL could provide grants for states to implement a “Make America Skilled Again (MASA)”-style grant along the lines of the WDIF. This model would echo the Maternal, Infant, and Early Childhood Home Visiting Program, which requires states to spend a portion of funding on evidence-based approaches and the remainder on approaches that are rigorously evaluated. Congress could consider adopting both of these options by authorizing a WDIF discretionary grant and adding evidence-based requirements to formula grants over time: the WDIF accelerates the development and growth of the most effective programs, which can then be scaled more broadly across the nation through formula grants.

Ultimately, the existing WIOA framework has shown mixed results at providing Americans with the skills needed for gainful employment, increased earnings and upward mobility. A WDIF is a straightforward way to ensure that funding goes to what works in workforce development, while simultaneously ensuring the field continues to identify new cutting-edge solutions to improve workforce outcomes.

ABOUT RESULTS FOR AMERICA

Results for America (RFA) is a bipartisan, national nonprofit organization that helps government leaders use evidence and data to accelerate results and improve lives. RFA's mission is to make investing in what works the “new normal,” so that government decision-makers use evidence and data to use government resources effectively. Since 2012, RFA has shifted more than \$498 billion in government funds toward proven programs and trained over 14,000 government and community leaders.

ABOUT America FORWARD

America Forward is a national nonpartisan policy and advocacy organization that unites our nation’s leading social entrepreneurs with policymakers to advance a public policy agenda that fosters innovation, rewards results, and catalyzes cross-sector partnerships to expand opportunity for all. America Forward leads the America Forward Coalition, a network of 100+ of the nation’s most impactful and innovative non-governmental organizations that develop and advocate for more effective public policies to advance opportunity and move all of America forward. Since its founding more than 15 years ago, America Forward has emphasized the importance of evidence-based approaches and continued evidence-building across policy domains, including education and workforce development.