



ISAs in Workforce Development:

A Statement of Principles

We believe that Income Share Agreement (ISA) programs can strengthen and grow the workforce development system, but only if they are designed in a manner that reflects our values and the lived experience of the communities we serve.

The core promise of the ISA model is shared opportunity. In an ISA, education providers and participants have one, shared benchmark for success: stable employment at a living wage. Every component of a workforce development ISA program should further this promise.

As a practical toolkit for workforce boards exploring ISAs, and as a guidepost for consumers considering an ISA program, we are publishing a list of the core features that we believe all workforce development ISAs should include. We acknowledge, of course, that ISAs are an evolving part of our field. We intend what follows to be practicable and concrete, but do not want to foreclose new approaches to shared objectives.

1. Designed with input from those the program will serve.

A workforce ISA should utilize a human-centered design framework, directly engaging those it intends to serve in the design process and creating feedback mechanisms, which allow for continuous improvement once operational.

2. A minimum income threshold that reflects the local self-sufficiency wage.

A workforce ISA should be a function of sustainable earnings, not just earnings. Participants should not have any ISA payment obligation when they are earning below a threshold linked to local self-sufficiency wages. While government subsidies may play a stop gap measure during times of transition, they do not form part of a sustainable wage.

3. A rigorous framework for credential/institution eligibility.

A workforce ISA should provide funding for participation in education programs that have a proven track record of participant success, and meet a robust, transparent set of quality criteria that are student-centered, evidence-based and market aligned.

4. Inclusive, broad-access eligibility criteria for participants.

A workforce ISA should be broadly accessible, and not restricted by credit history or criminal history, except in the limited circumstances where such restriction is required for a target occupation. Character, competency and need based eligibility approaches should serve as the standard.

5. Transparent, comprehensible, proactive disclosure and comparison tools.

A workforce ISA should be presented to prospective participants in a clear and open manner, alongside other high-quality funding options. Demonstrated comprehension of key terms and features by potential participant should be a necessary stage of the ISA application process.

6. A definition of income that excludes benefits and household earnings.

A workforce ISA should **only** obligate participants to pay back a defined percentage of **their income**, above a minimum threshold. The definition of individual income that informs calculation of a participant's payment obligation should be explicitly designed to exclude household earnings and social safety net benefits of any kind.

7. A framework for dealing with hardship.

A workforce ISA should be sensitive to individual life circumstances, especially those where the traditional and routine protections in an ISA (e.g. the minimum income threshold) are not sufficient. Participants should have clear, accessible resources for disputing income calculations and presenting mitigating circumstances.

8. Useful and effective non-financial supports.

A workforce ISA should strongly consider bundling funding with a meaningful set of participant support services that contribute to, and are sustained by, positive employment outcomes. These can range from internship wages and career coaching to emergency aid and technology. These supports should also consider time horizons which align to the length of the repayment period.

9. Tools for holding providers accountable for outcomes.

A workforce ISA should shift risk away from participants, toward funders and education providers. Providers should share accountability for participant outcomes, whether in the form of segmented payment (disbursement triggered by milestone), contribution to the ISA fund, or another type of financial involvement.

10. Clear, constrained payment terms.

A workforce ISA should have a clearly defined payment window, inclusive of limited extensions, which closes regardless of total payments made by a participant. It should also have terms for prepayment and maximum payment, which will be transparent to participants before entered into an ISA contract.

11. Competency-based assessments.

A workforce ISA should employ competency-based approaches that reduce hiring bias and create access to opportunity based on qualifications. They should be structured around setting the participant up for success and should include identified processes to support those who may need additional support prior to initiating a program.

12. Proactive compliance with federal and state law.

A workforce ISA should perform with the highest possible standard of consumer protection law imaginable in all areas, even where a certain specific standard does not clearly or obviously apply to ISAs.

For more information, visit workforce.org/outcomescenter.