**Third Sector Capital Partners, Inc. Pay for Success Competition**

***Application Guide***

**Social Innovation Fund Pay for Success Competition Objectives**

In order to qualify to be a Third Sector Capital Partners, Inc. (Third Sector) Sub-Recipient, Applicants must meet the two joint objectives of the Corporation for National and Community Service and Third Sector in running this Social Innovation Fund Pay for Success (PFS) competition.

* The first is to select Sub-Recipients who are "Pay for Success ready" in that they have the capacity to successfully complete a PFS feasibility analysis and initiate construction of an actual PFS project[[1]](#footnote-1).
* The second is to advance the field of PFS by preparing multiple governments and service providers to participate in contracts that further evidence-based policy.

Third Sector will make its selection primarily based on an applicant’s PFS Readiness on both a project and organizational level. Before making final selections, Third Sector will also consider three supplemental factors that assess the extent to which the applicant’s proposal will expand and deepen the pool of P4P experience nationally while maximizing learning to advance the P4P field.

**Services Provided to Sub-Recipients**

As part of the Feasibility Technical Assistance award, **Sub-Recipients will receive up to $200,000 worth of services from Third Sector**, based on the commitment to implementing performance driven contracts and the progress already made in assessing P4P feasibility. $100,000 will be provided for approximately the first six months of the engagement, at which point Sub-Recipients will participate in a midpoint check-in with Third Sector and its SIF PFS Partners. Based on predetermined criteria on progress, between three and five Sub-Recipients will receive additional resources of up to $100,000. Depending upon the needs of the Sub-Recipient’s prospective P4P project, Third Sector will provide Sub-Recipients with some or all of the following services[[2]](#footnote-2):

1. **Completed feasibility study** that responds to each of the criteria in the P4P readiness assessment with P4P project "blueprint" recommendations that outline and explain the key next steps required to develop a P4P project.
2. **P4P Contract implementation plan** including how governments will budget for, procure, execute and fund P4P contracts.
3. **Evaluability Assessment** to assess feasibility of a P4P evaluation or alternative models in terms of cost, practicality, statistical power/accuracy and readiness
4. **Cost-benefit analysis and support** to help Applicants build the capacity to measure the outcomes and cost savings of proposed interventions
5. **High-level integrated economic model** that incorporates target population data, outcome metrics, and cost-benefit analysis
6. **Creation of funder interest groups** to promote interest in financing ongoing P4P project construction needs and financing the P4P contract.
7. Participation in a multi-state **learning community**, including presentations, convenings and training workshops by partners and networks to create scalable workforce development contract blueprints.
8. **Possibility for flexible capacity dollars** to help cover costs of a decision-maker within the government jurisdiction to focus on pay-for-performance feasibility, as well as **professional development training** for budget, procurement, and data and evaluation staff.

*Pending demonstration of project feasibility* after the period of the SIF award, Third Sector may also assist in seeking funding for project construction and may serve as a transaction coordinator to support jurisdictions to implement and finance proposed projects. Additional opportunities may be available once the Sub-Recipient has demonstrated a certain level of progress with project development.

Please note that pursuant to the terms of the SIF Award, services for each Sub-Recipient will be delivered over a 12-month period beginning after selection. The terms of the SIF award also require that each Sub-Recipient sign a Memorandum of Understanding (MOU) agreeing to certain terms and conditions. These terms and conditions will be sent to finalists for certification before final selection.

**Selection Factors and Scoring**

Applications will be scored out of a total of 100 points. Individuals from Third Sector, its SIF Award Partners, and external subject-matter experts will review and score applications.

* **Factor 1**: Commitment of leadership and staff capacity for P4P [25 points]
* **Factor 2**: Demonstration of commitment to use WIOA dollars for performance-based contracts [25 points]
* **Factor 3**: Understanding of performance-based contracts and existing evaluation experience [10 points]
* **Factor 4**: Prioritization of target populations and long term outcomes of interest [25 points]
* **Factor 5**: Current landscape of contracts and services to target populations of interest [5 points]
* **Factor 6**: Identification of potential interventions or youth workforce development provider(s) relevant to outcomes of interest [10 points]

**Supplemental Factor 1: Match Funding Through Philanthropic Support or In-Kind/Evaluation Services**

**Supplemental Factor 2: Creating Clusters that Maximize Learning and/or Enable Services to More Sub-Recipients**

**Supplemental Factor 3: Adding Value to PFS Field**

Third Sector is seeking to work with government entities who have a strong commitment to using Pay for Performance and the new WIOA legislation to increase long term workforce outcomes for youth (ages 14-24) and also have the capacity to execute that project. A state workforce agency or partnership between state and local workforce agencies will be required to ensure the political and economic viability of the project and to promote future expansion of project pilots.  State Education Agencies, TANF Agencies, and service providers are also welcome to partner with workforce agency applications.

As required by SIF, selection criteria and weighting of criteria include:

* Prioritizing the Sub-Recipient’s commitment to using Pay for Performance the new WIOA legislation to increase long-term workforce outcomes for youth (ages 14-24)
* Prioritizing the Sub-Recipient’s area of impact in Youth Development and Economic Activities, which are consistent with the priorities of the WIOA Youth Program: career exploration and guidance, support for educational attainment, opportunities for skills training in in-demand industries and occupations, and culminating in a good job along a career pathway or enrollment in post-secondary education
* Prioritizing the Sub-Recipient’s ability to support the testing and scaling of high-impact, longer-term youth workforce development strategies, direct limited resources toward programs that work and build pathways to attract additional resources that will result in long-term improvements in employment and earnings

**P4P Readiness Framework: Description of Selection Factors**

**Factor 1. Commitment of leadership and staff capacity for P4P [25 points]**

* Applicant demonstrates clear evidence of the informed commitment to implementing performance-driven contracts by leaders within the applicant’s organization and its partners. Written expressions of support that demonstrate buy-in at the elected, executive, and/or department levels of relevant government entities will be needed to obtain maximum credit under this factor.
* Applicant demonstrates willingness and plan for committing dedicated staff to support the P4P feasibility work and project.
* Applicant demonstrates willingness and plan for accessing relevant staff outside of workforce agency (budget, procurement, other agencies that benefit from positive outcomes) to support the P4P feasibility work and project.
* Applicant and/or its partners demonstrate a track record of innovative systems reform and leadership.
* Applicant demonstrates an intention and capacity to conduct additional P4P projects if initial efforts are successful.

**Factor 2: Demonstration of Commitment to Use WIOA Dollars for Performance-based Contracts [25 points]**

In a typical P4P or Pay for Success project, an “end payer” is defined as an entity that is willing to pay for outcomes achieved by services provided. End payer(s) are the initiators of P4P contracts, and may be government, as well as private employers and/or philanthropic entities that are willing to enter into a contractual obligation where the organization pays for results. Through the SIF PFS Competition, Applicants must demonstrate commitment to exploring how state WIOA dollars, or other sources could serve as success payments for performance projects. Applicants will be required to provide a draft of the state WIOA Implementation Plan to Third Sector and SIF PFS Partners and articulate how P4P contracting fit into implementation priorities.

* Applicant demonstrates clear interest in pay-for-performance exploration through its WIOA implementation plans or other actions, which may include past use of P4P contracting
* Applicant provides a clear description of the planned or proposed use of WIOA dollars for P4P payments.
* If other end payers outside of WIOA are contemplated, applicant provides evidence of having a plan for appropriating or securing P4P payments from end payer(s) for the proposed project.
* Applicant demonstrates a clear understanding of their legal environment and how it would permit and support a P4P financing structure, which may include payment by the end payer(s)/WIOA funding to funders who provide up-front funding for the social intervention.
* Applicant clearly identifies and describes any barriers to obtaining end payer(s) obligation and/or commitment and describes viable strategies to overcome barriers.

**Factor 3: Understanding of performance-based contracts and existing evaluation experience [10 points]**

* Applicant demonstrates understanding of performance-based contracting
* Applicant provides evidence of prior experience in working with independent evaluators to conduct evaluations on workforce initiatives

**Factor 4: Prioritization of target populations and long-term outcomes of interest [25 points total]**

Third Sector is looking for government applicants that are ready to support the testing and scaling of high-impact youth workforce development strategies and explore pay-for-performance contracts through their WIOA funding. Government applicants must enter the competition with the understanding that the ultimate intent is to select a desired set of outcomes for a specific youth target population where there is good reason to believe that meaningful, measurable sustained impact can be achieved at a significant scale, and there is a willingness to pay for such impact. To receive the maximum points for this factor, Applicants should clearly define target populations within the youth workforce development space (based on WIOA youth definitions: age 14-21 in school, 16-24 out of school), and articulate outcomes of interest, both short and long term, for this target population.

* Applicant provides a clear and robust **definition of the youth target population(s)** **and** **geographical area** that the applicant hopes to serve through a P4P project, including **size of the target population.**
* Applicant provides a clear and compelling analysis of why applicant has prioritized that target population for the WIOA P4P implementation, based on the level of risk and cost to society, as well as consistency with political priorities.
* Applicant clearly **identifies government or other administrative data sources** relevant to tracking and understanding the population(s) of interest.
* Applicant provides clear **definition(s) of target outcome(s) of interest.** These may include key WIOA outcomes, but should also include longer-term measures of impact, such as post-secondary success, sustained earnings over multiple years, or avoidance of dependence on Federal/State entitlement programs.
* Applicant demonstrates existence of and understanding of existing data on **baseline outcome metrics** for the “status quo” or current situation for the proposed target population, including description of any prior use of identified government administrative data sources to measure proposed outcome(s), by applicant or other evaluator.
* Applicant provides a clear description of **areas of potential economic or social benefit** from improving workforce outcomes for the target population.

**Factor 5: Current landscape of contracts and services to target populations of interest [5 points]**

Third Sector seeks to understand the current system of service delivery for the target populations of interest for this section of the application.

* Applicant provides an **overview of current services provided, or planned to be provided under WIOA, to the target populations** described in Factor 4.
* Applicant provides evidence of **research underway or existing data-sharing agreements** that may be accessed to develop a P4P project.
* Applicant highlights any **existing performance-based initiatives** with the populations of interest
* Applicant provides a clear description of other **potential agency or community resources** that may be supportive of a P4P **project** seeking to improve long term workforce outcomes for the target population.

**Factor 6: Identification of potential interventions or youth workforce development provider(s) relevant to outcomes of interest [10 points]**

Applicants are not required to have identified either a specific intervention or a specific service provider at the time of application to be selected as a Sub-Recipient but should be able, at a minimum, to demonstrate an awareness of potential successful interventions and/or service providers in the youth workforce development space. Applicants should link each intervention to one or more target populations defined in Factor 4. Applicants that score the maximum points for this actor will demonstrate advanced thinking for each of the elements listed below.

* Applicant provides a clear summary of a potential **programmatic design** of relevant youth workforce **intervention(s),** including typical cost per participant, duration/intensity,and the reason for applicant’s interest in specific models relative to others. Advanced Applicants will note if intervention(s) have any history of being used or considered for a pay for performance contract.
* Applicant demonstrates a clear understanding of existing provider landscape. Advanced Applicants will demonstrate the ability to **name service providers who deliver or could deliver the types of youth workforce intervention(s)** described.
* Applicant provides clear understanding of **intervention evaluation history**.
  + Advanced Applicants demonstrate understanding of intervention’s evaluation quality, including existence of an RCT or other rigorous methodology and reliability of existing evaluations.
  + Advanced Applicants identify if intervention has been replicated/adapted and evaluated at multiple sites and the success of the replication/adaptation.
* Applicant provides a clear explanation of why it is highlighting a specific service provider or intervention, including the service provider’s history, organizational overview, relationship with applicant, results, methodology, and potential scalability of existing capacity of service provider/intervention.
* Applicant demonstrates willingness to work with other service providers if recommended by results of feasibility study work.

**Supplemental Considerations**

There are three additional factors that Third Sector will use to make its final selection decisions. These factors will not be point scored, but will be included to help ensure that the final set of Sub-Recipients is best positioned to expand and deepen the pool of P4P experience nationally while maximizing learning to advance the P4P field.

**Supplemental Factor 1:** **Match Funding Through Philanthropic Support or Evaluation In Kind**

Third Sector is required by the Corporation for National and Community Service’s Social Innovation Fund award to match its award 1:1 with non-Federal dollars. Third Sector is actively raising philanthropic match for the workforce development competition. Up to 10 additional points (1 point per $5,000) will be given to Applicants that have secured up to $50,000 in cash match funding for their proposal.

**Supplemental Factor 2: Creating Clusters that Maximize Learning and/or Enable Services to More Sub-Recipients**

Applicants who commit resources to develop new intervention strategies that promote the testing and scaling of an evidence base in youth workforce development will be prioritized. Applicants are encouraged to think of ways in which their WIOA Implementation Plans can be replicable across various other players in youth workforce development.

**Supplemental Factor 3: Adding Value to PFS Field**

In addition to the scoring criteria above, the Applicant may also consider other balancing factors, such as geographic and issue area diversity of projects in development across the country, to determine where technical assistance would be of greatest value to the PFS field. Applicant may consult with other technical assistance providers funded by the federal Social Innovation Fund and other organizations providing PFS technical assistance to determine whether joint technical assistance may be warranted and to maximize the reach of technical assistance resources.

1. For more information on PFS readiness, please see [www.thirdsectorcap.org](http://www.thirdsectorcap.org) or [www.payforsuccess.org](http://www.payforsuccess.org) [↑](#footnote-ref-1)
2. For more information on potential services, please see [www.thirdsectorcap.org/ou-work/sif](http://www.thirdsectorcap.org/ou-work/sif). [↑](#footnote-ref-2)