A Conversation with
San Diego Workforce Partnership

How WIOA Pay-for-Performance (P4P) Can Improve Business Practices and Lives; How to Apply 2Gen to Workforce

Empowering Families Learning Community Webinar #3

May 11, 2018

Introductions

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Third Sector is a national leader in the implementation of outcomes-oriented contracts

About Third Sector

Third Sector is a 501(c)3 nonprofit consulting firm that advises governments, community organizations, and funders on how to unlock public sector innovation to solve pressing challenges such as economic mobility for all and the well-being of our children.

Our proven approach is to collaborate with our clients to define impact, draw actionable insights from data, and implement outcomes-oriented contracting.

In the past six years, we have worked with over 60 communities that embrace the challenge of becoming more effective, efficient, and transparent with taxpayer dollars. Together with our partners, we have transitioned more than $360 million in public funding to programs that measurably improve lives.

Third Sector's national experience launching outcomes contracts positions us to help each community achieve their own vision

Third Sector's Engagements

10

Launched Outcomes Contracts

60+

Consulting Engagements
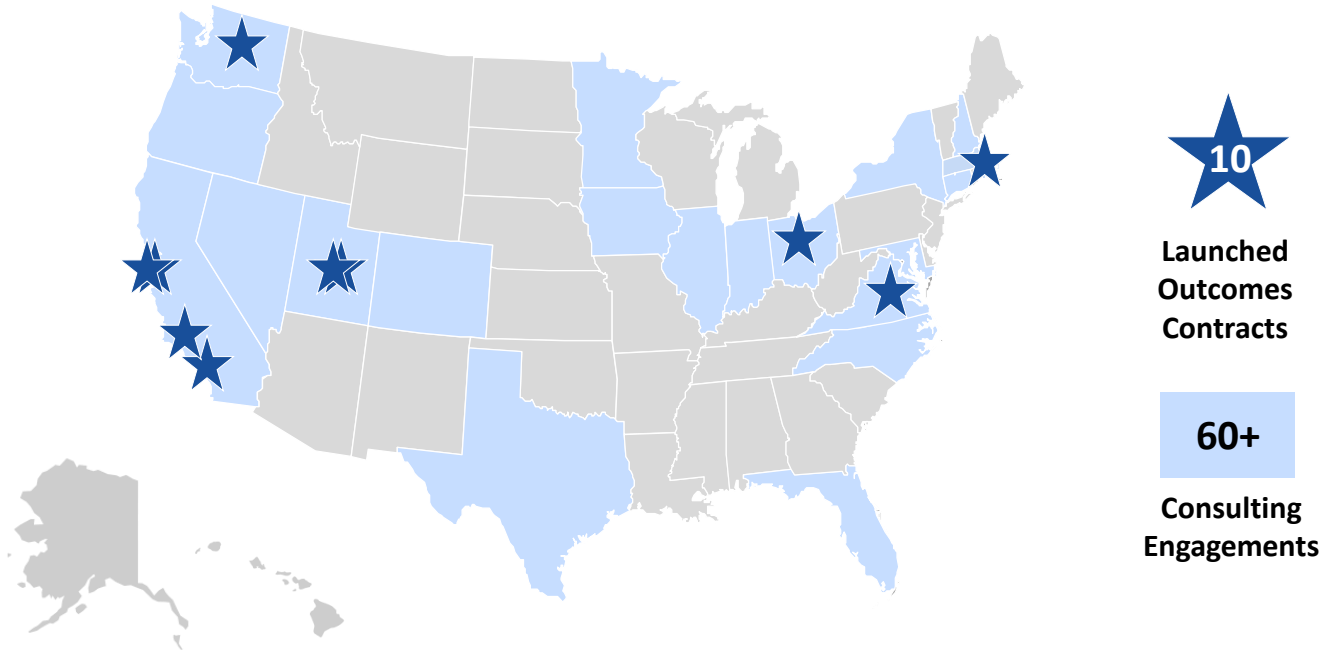
$360 Million in public funding deployed via outcomes contracts since 2011

The Empowering Families initiative combines Integrated Data Systems (IDS) and outcomes-oriented contracting in seven jurisdictions

Empowering Families Technical Assistance Overview

Goal: Facilitate launch of outcomes-oriented contract(s) that support overall agency goals and create scalable and replicable processes

Goal: Support build-out of governance structures and data-sharing procedures that enable Integrated Data System (IDS) development

Empowering Families Learning Community Sites

Third Sector recently completed P4P Feasibility Assessments with a cohort of five workforce boards

Third Sector WIOA P4P Cohort

The SkillSource Group, Inc. (Northern VA)

Improving education and employment outcomes for youth involved in the justice system and/or aging out of the foster care system.

San Diego Workforce Partnership (San Diego, CA)

Improving education, employment and recidivism outcomes for justice-involved youth through innovative workforce interventions.

Workforce Solutions Capital Area (Austin, TX)

Improving education and employment outcomes for Opportunity Youth in Austin/Travis County through employment services.

Office of Workforce Development (Boston, MA)

Increasing financial literacy and job readiness for youth through Summer Youth Employment Programs.

Denver Office of Economic Development (Denver, CO)

Improving education and employment outcomes for youth facing homelessness or involved with foster care and/or justice systems.

Agenda

What is Pay-for-Performance (P4P)?

San Diego Workforce Partnership P4P Project Overview

P4P Case Study: Q & A

San Diego Workforce Partnership 2Gen Initiative Overview

Learning Community 2Gen Discussion

New workforce legislation incentivizes states to structure outcomes-oriented "P4P" contracts to achieve longer-term program outcomes

WIOA Pay for Performance (P4P) Provisions

Traditional Workforce Contracts, including Performance-Based Contracting	WIOA Pay-for-Performance
Ties payments to **inputs** and **outputs** like job placement.	Payments tied to **long-term outcomes** like education attainment, wage growth and reduced recidivism.
2-year funding cycle requires short contract periods; no time for course correction.	**10% "no-year" set-aside** of WIOA formula funds can be spent well beyond the 2-year funding cycle.
Most workforce contracts are actually just **cost-reimbursement** with no link to performance at all.	**P4P contracting strategy is** required. Includes **evaluation**, 3rd party data checks, and project cost-modeling.

WIOA P4P funds are a fraction of more than $13B in Federal funding spent annually on workforce programs across 11 agencies and 47 programs

Federal Funding Status Quo

$13 Billion in Federal Workforce Funding

WIOA P4P Funding

Funds pay for services regardless of outcomes

Focus on short-term results

Services are disconnected
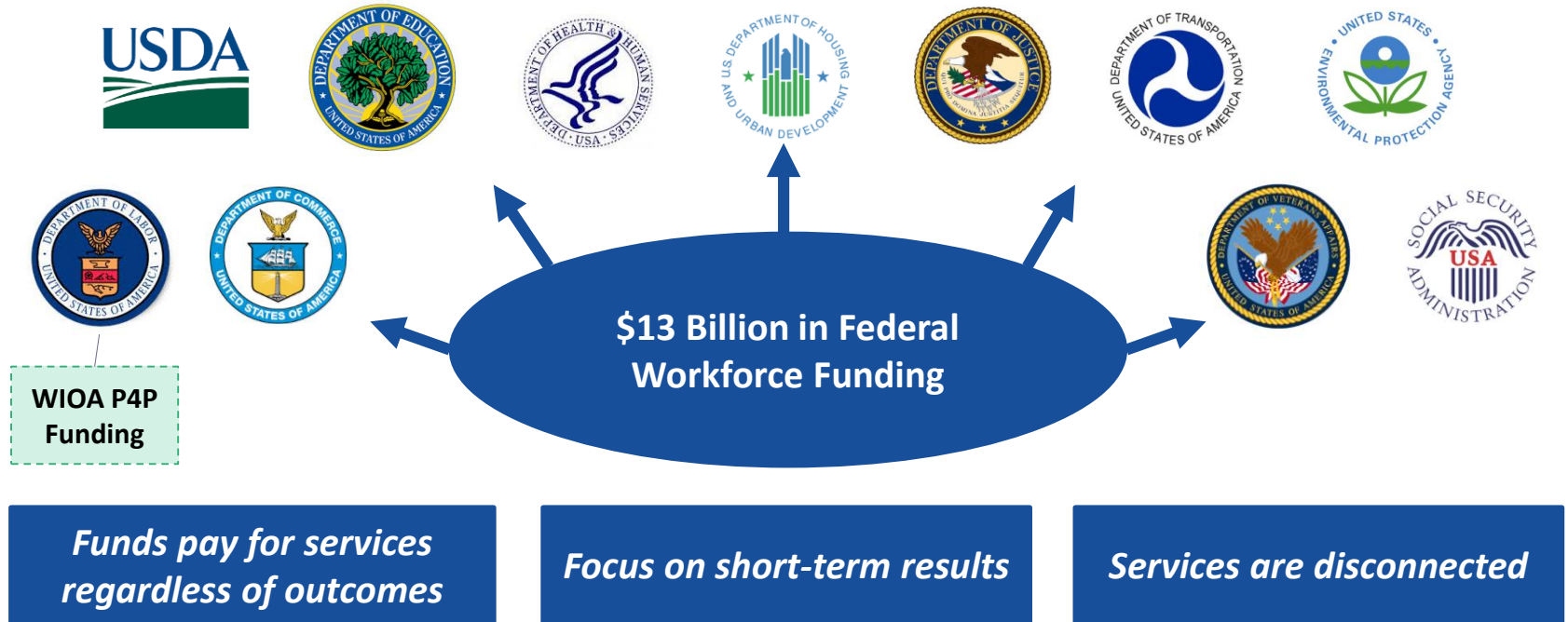
Enormous opportunity to build off of WIOA P4P & improve outcomes across multiple funding streams

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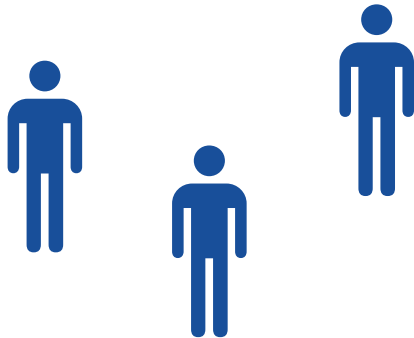
Learning Community 2Gen Discussion

To serve the goals of the county, SDWP assessed populations being served by WIOA funds to identify a high-need, high-risk population

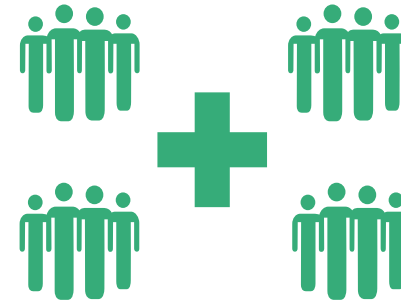 **OUTCOMES GOALS**

Traditional Contracting	**Outcomes-Oriented Contracting**
Ad Hoc Enrollment Across Large Population	**Data Analysis Focused Outreach and Enrollment**
41,000 disconnected youth in San Diego County are eligible for services	Targeted focus on harder to reach youth means **300 justice-involved young adults will be served**

SDWP outcomes contract links three different administrative data sources to develop outcome measures for evaluation and incentives

PERFORMANCE METRICS, DATA SHARING, and EVALUATION

Traditional Contracting

12-Month Window

CalJOBS:
Employment/
Education Data
(Short Term Only)

Outcomes-Oriented Contracting

Three-Year Window

Employment Data*
(Short & Long Term)

Outcomes

Justice Data*

Education Data*
(Short & Long Term)
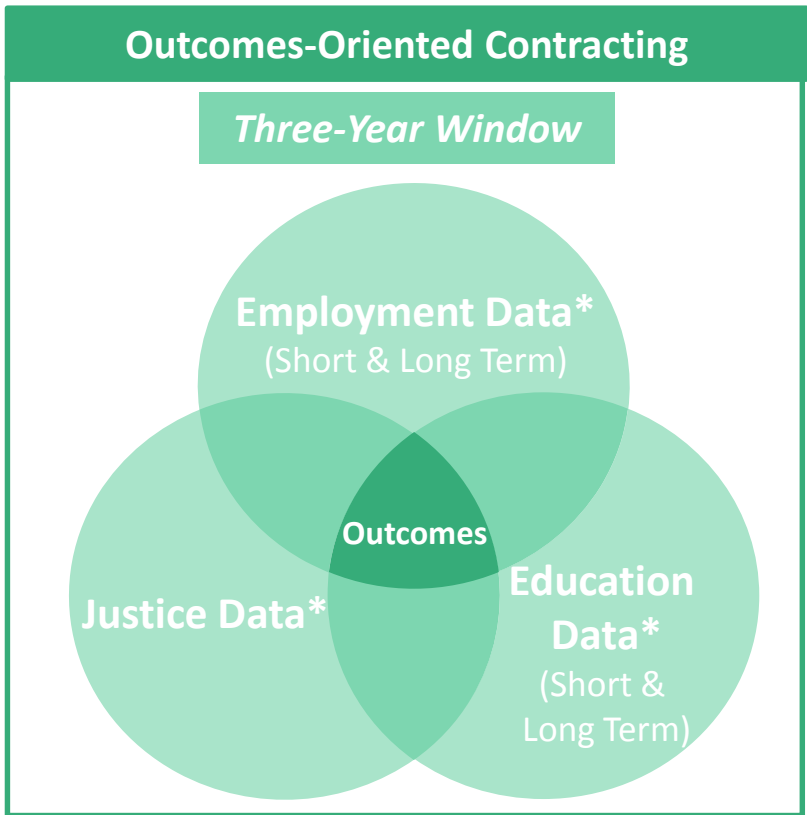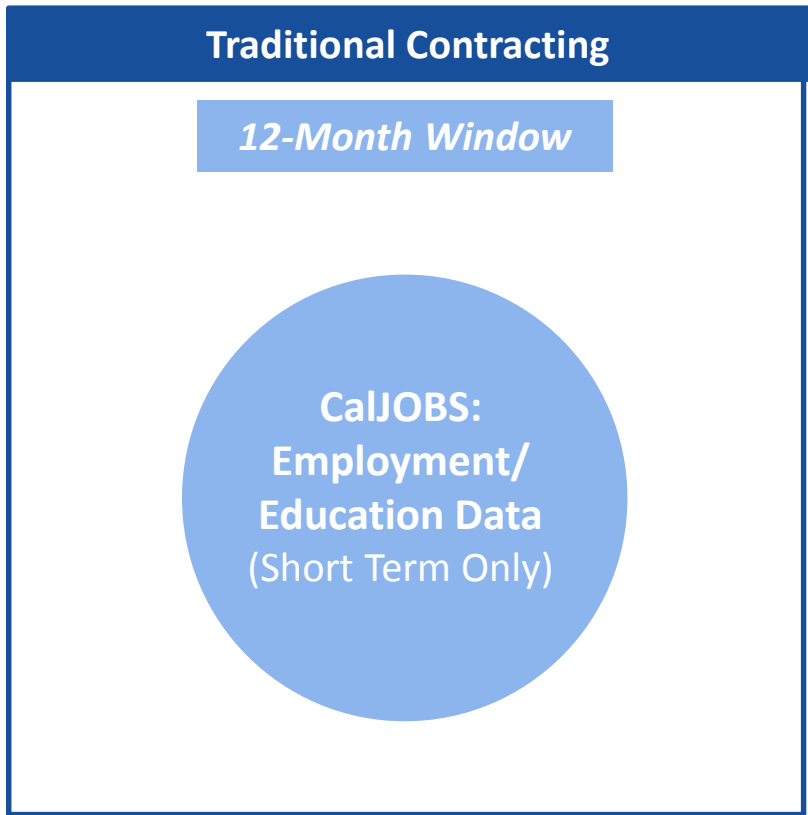
*Long term employment data will come from Employment Development Department; EDD Justice Data includes data from San Diego County Probation, City Attorney's Office, and DA's Office; Long term education data will come from the National Student Clearing House

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Stronger partnership and deeper insight create the opportunity for continuous improvement of program services

⟳ CONTINUOUS IMPROVEMENT PROCESS

Traditional Contracting
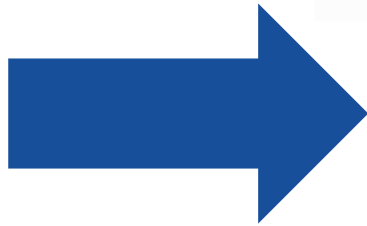
- Compliance-driven reporting and focus
- Limited understanding of what works for specific beneficiary populations
- Limited opportunities for pivoting and course correction
- Limited incentives to refine program
- Separate decision making processes

Outcomes-Oriented Contracting

- Feedback loop-driven reporting and focus
- Better targeting allows insights into services across different populations
- More opportunities to understand why something works
- Course corrections possible over longer time frame
- Embedded partner collaboration

SDWP's combined contract structure supports provider's cash flow needs while also incentivizing the achievement of long-term outcomes

INCENTIVE STRUCTURES

Fixed-Rate Performance Contract:
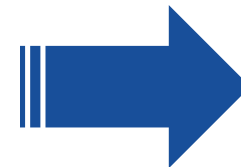Service provider is paid upon achievement of **outputs** and **short-term WIOA measures**

OUTPUTS
- Youth served
- Monthly progress report

WIOA MEASURES
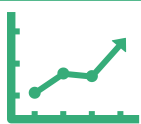- Placement in jobs or post-sec education
- Measurable skills gain

FIXED-RATE PERFORMANCE PAYMENTS

+

P4P Contracting Strategy:
Service provider is incentivized to achieve long-term **employment, education & recidivism outcomes** via bonus payments
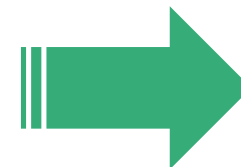Outcomes tracked through **administrative** and **program data sources**

LONG-TERM OUTCOMES
- Employment / enrollment in post-sec education rate
- Median earnings
- Recidivism rate

INDEPENDENT VALIDATION

P4P BONUS PAYMENTS

SDWP uses a "rate card" structure that bases payments on a combination of outputs, WIOA measures, and longer-term outcomes

INCENTIVE STRUCTURES

Payment structure is designed to maximize enrollment and outcomes payments while ensuring the project is financially sustainable for the Service Provider

	Average Payment Amount for Contract Timeframe	
	Percent	*Dollars*
Cost Reimbursement Payments	*0%*	$0
Output Payments – Enrollment	41%	$718,000
Output Payments – Reporting	20%	$348,000
Short-term Outcomes Performance Contingent Payments	28%	$495,000
Long-term Outcomes Performance Contingent Bonus Payments	11%	$200,000

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P4P Project Summary: SDWP used WIOA funds to pilot paying for a combination of outputs, WIOA measures, and long-term outcomes

San Diego Workforce P4P Project Overview

🏆 OUTCOMES GOALS

Improve education, employment, and recidivism outcomes for 300 justice-involved Out-of-School Youth in San Diego County by leveraging WIOA funding to transition towards outcomes-based contracting

📈 PERFORMANCE METRICS

Outcomes:
- Increased educational placement and attainment
- Increased short- and long-term employment placement
- Earnings above minimum wage
- Reduced recidivism rate

🔄 CONTINUOUS IMPROVEMENT PROCESS

Improvements:
- Tracking of administrative data outside traditional workforce outcomes = ↑ insight
- Data feedback loop generates ongoing iteration for improved service provision

🔗 DATA SHARING & EVALUATION

Method: Independent validation of long-term individual and cohort level performance data as compared to historical baseline and agreed-upon success targets to confirm achievement of successful long-term outcomes by program participants

🏦 INCENTIVE STRUCTURES

Funding: ~1.76M total WIOA funding over 3.5 program years

Incentives: $700K in performance contingent payments paid to provider

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San Diego launched a 2Gen initiative via human-centered design (HCD) and partnership formation

Objectives:
(1) Parent jobseeker service model for workforce development
(2) Aligned/streamlined regional supports for families with young children

Key Insights from HCD	2Gen Partnerships
Interviewed 21 parenting youth; conducted design sessions with 40 case managers • **3Gen**, not 2Gen, for many parenting youth • <u>Top urgent needs</u>: job, transportation, **fun things to do with my kid(s)** • <u>Surprisingly less urgent</u>: housing, child care, health, counseling • Case managers (currently) have limited tool kit: referrals and training/classes	• SDWP, career centers, youth providers • Head Start • Child care resource and referral • Child care voucher administration (TANF) • Child support • First 5 • American Academy of Pediatrics

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Learning Community 2Gen Discussion Questions

- **Service Delivery:** What examples can you share of how you have embedded 2Gen solutions/service delivery into existing systems?

- **Funding:** Most funding sources are 1Gen focused; in your 2Gen work, to what degree are you breaking down funding silos and/or expanding the scope of existing funding streams? What funding streams have you found to be conducive for 2Gen?

- **Partnerships:** Implementing 2Gen requires partnership and coordination between agencies. What resources and communication strategies have you found effective for developing a shared understanding and open communication channel between 2Gen partners?

- **Data Sharing:** What examples can you share of how you have successfully connected systems, both technically and functionally, to measure shared outcomes?

Thank you, and reach out to continue the conversation

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Upcoming Annie E. Casey Foundation Webinar:
Advancing Two-Generation Approaches: Integrating Data to Support Families
Thursday, May 17th, 1:00 pm ET
To register: https://aecf.webex.com/aecf/onstage/g.php?MTID=e38331071f4b424b8dea1c92888db740b
Registration Password: Two-Gen

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