



Overview of \$100mm SIPPRA Federal Funding Opportunity for State & Local Governments

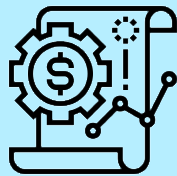
Fall 2018

The following information is based on publicly available legislation. The information may change as legislation is implemented.

This document is the property of Third Sector Capital Partners, Inc. It contains confidential, proprietary, copyright, and/or trade secret information of Third Sector that must not be reproduced, disclosed to anyone or used for the benefit of anyone other than Third Sector unless expressly authorized in writing by an executive officer of Third Sector.

\$100mm for governments willing & able to establish outcomes contracts

The 2018 Social Impact Partnerships to Pay for Results Act (SIPPRa) overview⁽¹⁾



\$70-80mm for Outcome Payments

Funds for service delivery based on outcome results. Additional \$15mm available for evaluation



\$10mm for Feasibility Studies

SIPPRa will pay for up to 50% of total study costs

State/Local governments will be able to apply to all funding opportunities starting in February 2019⁽²⁾
For all Proposals, at least 3 months of preparation time will likely be required

⁽¹⁾ Funding guidance and application being released by federal inter-agency council (OMB, Treasury, HHS, DOL, HUD, etc)

⁽²⁾ Contact Third Sector for information relating to the application process

Source: US Congress <https://www.congress.gov/115/bills/hr1892/BILLS-115hr1892enr.xml#toc-H643778D2022F4F9A9CD33B7B43224BD7>

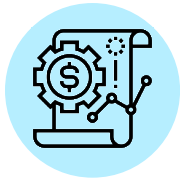
All proposals require outcome contracts that will incentivize achievement of one or more of the 21 outcome categories

Summary of potential outcomes to anchor an outcomes contract

Education	<ul style="list-style-type: none"> Improving rates of high school graduation Improving the educational outcomes of special-needs or low-income children
Health & wellness	<ul style="list-style-type: none"> Improving birth outcomes and early childhood health and development Reducing the utilization of ER and other high-cost care Improving the health and well-being of those with mental, emotional, and behavioral health needs Increasing the independence and employability of individuals who are physically or mentally disabled
Housing	<ul style="list-style-type: none"> Reducing the rate of homelessness
Justice	<ul style="list-style-type: none"> Reducing recidivism among juvenile offenders, individuals released from prison, or other high-risk populations
Parenting & families	<ul style="list-style-type: none"> Reducing teen and unplanned pregnancies Increasing the proportion of children living in two-parent families Reducing incidences & adverse consequences of child abuse and neglect Reducing the # of children or youth in to foster care or non-family homes Reducing the dependence of low-income families on Federal means-tested benefits
Workforce development	<ul style="list-style-type: none"> Increasing employment & earnings for individuals who are unemployed > 6 consecutive months and/or aged 16-25 Increasing employment among individuals receiving Federal disability benefits Improving the employment & well-being of returning United States military members Increasing the financial stability of low income families
Other	<ul style="list-style-type: none"> Other measurable outcomes defined by the State/local government resulting in positive social outcomes & Federal savings

Applicants will need to demonstrate how the Proposal's outcomes will directly benefit children & families

Which funding proposal should your community consider?



**\$70-80mm
Outcome Payments
+
\$15mm for
Evaluation
(if needed)**

Proposals are best suited for “shovel-ready” projects, where governments are:

- Ready to initiate (or continue) an outcomes contract issued by State/Local government;
- Able to validate and document the Proposal Requirements either through (i) a completed Feasibility Study or (ii) extensive detail in the submitted proposal; and
- Equipped with a comprehensive plan for program implementation, payment terms, and evaluation

Note: An additional \$15mm will be made available to pay for evaluations to validate outcome delivery

All Proposals require a (i) service provider experienced in outcomes contracting and/or (ii) an expert intermediary (like Third Sector) with outcomes contracting, funding, and subject-matter expertise



**\$10mm
Feasibility Studies**

Proposals are best suited for governments with committed interests and require:

- Extensive support to integrate administrative data, population, and evaluation components into an outcomes contract and/or designing and selecting the appropriate program and service provider
- Secured funding to pay for at least 50% of the cost to conduct the Feasibility Study

All Proposals require an expert intermediary (like Third Sector) to conduct the Feasibility Study

Third Sector can bolster your Proposal through the prep/drafting process and inclusion as an implementation partner

Outcome Payment Proposals:

“Shovel-ready” projects will have the highest probability for selection



\$70 - 80mm in Outcome Payments to pay for services

Why submit an Outcomes Payment Proposal?

You are a State/Local Government that is...

- Currently operating an outcomes contract, and looking to expand funding
- Transitioning from a “Pilot” outcomes contract to “Launched” contract (of equal or greater size)
- Seeking to establish a proof-of-concept outcomes contract for the State/Local government to inherit
- Ready to implement recommendations/finding of a feasibility assessment into an outcomes contract

All proposals require the following commitments:

- An active (or agreed to in principle) outcomes contract from State/Local government
- Capacity from State/Local government to sustain outcomes funding in the future
- Independent evaluator with a designed plan to validate outcome achievement
- Duration of service delivery or evaluation not exceed 10 years

Up to \$15mm in addition funding is available to pay for evaluation

- All evaluations are required to be experimental or quasi-experimental to validate outcome delivery
(see requirements for evaluation funding on [page 11](#))

Outcome payments can be used as repayment for service delivery or social impact investment⁽¹⁾

(1) Investment could be structured as recoverable grants, program related investments, loans, or any other form of financing

Does your community meet the requirements for Outcome Payments?

Complete the “Requirement Checklist” to determine eligibility



Proposal must include:

- State or Local governments willing and able to submit proposal
- Partnership with a **(i)** service provider experienced in Pay for Success and/or **(ii)** an expert intermediary (like Third Sector) with outcomes contracting, funding, and subject-matter expertise

Proposals require the following documentation:

- Identified State/Local government funding source (or commitment) for sustained outcome payments in the future
- Payment terms, methodology used to calculate outcome payments, payment schedule, & performance thresholds
- Detailed intervention plan for services, staffing, and data monitoring
- Eligibility criteria, including identification plan and referral process; # of individuals to be served
- Administrative data access and integration plan from government sources and service provider(s)
- Evidence-based to achieve outcomes (based on prior experimental/quasi experimental evaluations)
- Validated social benefit/savings for State, Local, & Federal government
- Evidence of unmet need in the area where the intervention will be delivered or among the population to receive services
- Service delivery budget & timeline
- Evaluation plan and evaluation support (staff / resources)

If your communities checklist is incomplete:

1. Engage Third Sector for a “Rapid-assessment” to validate/improve (and document) requirements for your SIPPR proposal and/or
2. Apply for Feasibility Study Funding (see page 6)

Feasibility Study Proposals:

Funding for assessment to demonstrate readiness for an outcomes contract



Up to \$10mm to pay for Feasibility Studies

Why submit a Feasibility Study proposal?

You are a State/Local Government that strives to...

- Establish an outcomes contract with a service provider or group of service providers;
- Create financial incentives to meaningfully improve a specific outcome;
- Transfer/expand an existing program to an outcomes contract with an evaluation plan; or
- Convene government, philanthropy, & community partners to establish an outcome orientation

... but requires extensive support to integrate administrative data, population, and evaluation components into an outcomes contract and/or designing and selecting the appropriate program

All proposals require the following commitments:

- Identified government leadership & staff to provide data and active feedback, and manage stakeholders
- An engaged expert intermediary (like Third Sector) willing and able to conduct the Feasibility Study
- Assessment to be completed within 9 months
- Strong likelihood to establish an outcomes contract and achieve such outcomes
- High probability to achieve social benefit / savings for State, Local, & Federal government

Feasibility study considerations

- Total cost is typically between \$200-\$500K
- Cost varies based on scope of work, community expertise/readiness, and available staff and data
- See [page 12](#) for more details on activities of a Feasibility Study engagement
- Third Sector can work with applicants to draft an appropriate budget and SIPPRa proposal

SIPPRa Feasibility funding will pay for up to 50% of total feasibility study cost

Does your community meet the requirements for Feasibility Studies?

Complete the “Requirement Checklist” to determine eligibility



Proposal must include:

- State/Local Government willing and able to submit proposal
- Partnership with an expert intermediary (like Third Sector) willing and able to conduct the Feasibility Study
- Secured a minimum of 50% of the cost to conduct the Feasibility Study from any sources (e.g., government funds, philanthropy, in-kind, or any combination)

Proposals require the following documentation:

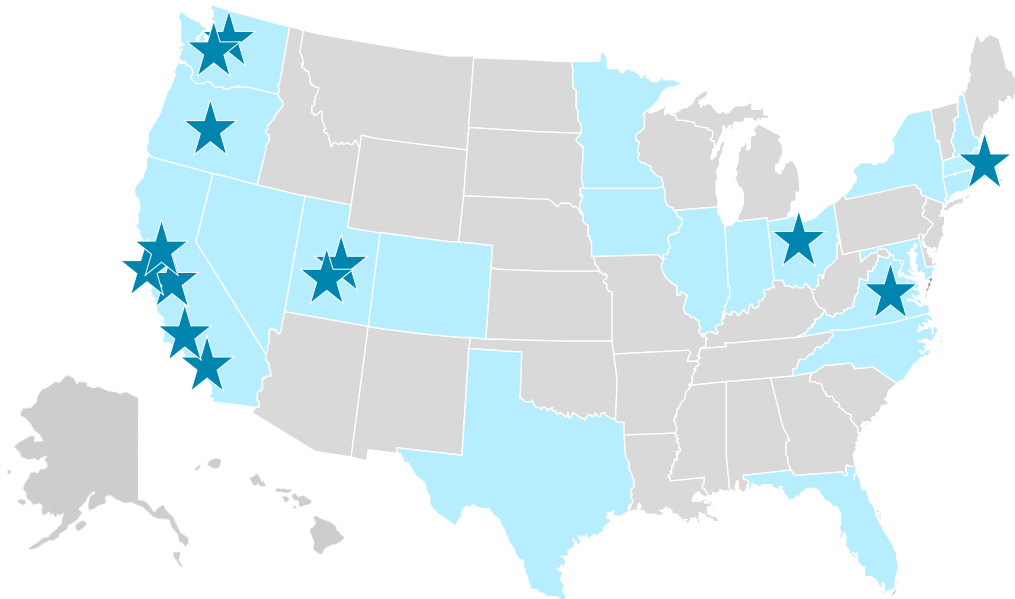
- Description of the outcome goals and metrics of success for the project
- Description of the intervention, including anticipated program design, target population, # of individuals to be served
- Evidence to support the likelihood that the intervention will produce the desired outcomes.
- Expected social benefit/savings for State, Local, & Federal government
- Estimated service delivery budget & timeline
- Estimated Feasibility Study budget & timeline

If your communities checklist is incomplete:

1. Engage Third Sector to conduct a “*Rapid Assessment*” to conduct a work shop with staff and/or community partners to address gaps prior to submitting a Feasibility Study proposal and/or
2. Contact peer jurisdictions to understand how to viably establish an environment for an outcomes contract (Third Sector can make introductions)

Third Sector is a nonprofit consulting firm that works with communities to embed outcomes in their public funding and services

Third Sector's Engagements



13

Launched Contracts in Partnership with State & Local Agencies deploying \$365mm in public funding

60+

Feasibility studies and implementation projects

Track record of winning ~ \$25mm of federal funding awards, similar to SIPPR, for State/Local Governments:

- *Social Innovation Fund*: \$9.2mm to advance outcomes contracting initiatives (13 different states)
- *Dept. of Education*: \$1.1mm for Pay for Success (PFS) pre-kindergarten Feasibility Studies (California, Ohio, N. Carolina)
- *Dept. of Housing & Urban Development*: \$2.6mm for permanent supportive housing PFS projects (Oregon & Maryland)
- *Dept. of Labor*: \$12mm in outcome payments (Massachusetts)

Next Steps to determine if SIPPRA funding is suitable for your community



After reviewing the “Requirements Checklist” for Outcome Payments or Feasibility Studies, determine if your organization or another State/Local Government partner should prepare a Proposal

For Outcome Payment & Evaluation Proposals



Plan accordingly. If your community has not completed a Feasibility Study, at least 3 months preparation time will be required to document Proposal requirements

For Feasibility Study Proposals



Assess government appetite for outcomes contracting and the track record of the service provider community as key components to any outcomes contract

Third Sector can help you complete the Requirement Checklists to determine if your community qualifies for SIPPRA. For any identified gaps, we can work with you to enhance your Proposal

Appendix

Outcome Payment Proposals:

Should your community request additional Evaluation Funding?



Up to \$15mm of SIPPRA funding will be made available to pay for evaluations

All proposals for Evaluation Funding require the following commitments:

- Capacity from State/Local government to sustain outcomes funding in the future
- Independent evaluator with a designed plan to validate outcome achievement
- Duration of service delivery or evaluation not exceed 10 years

Required proposal documentation:

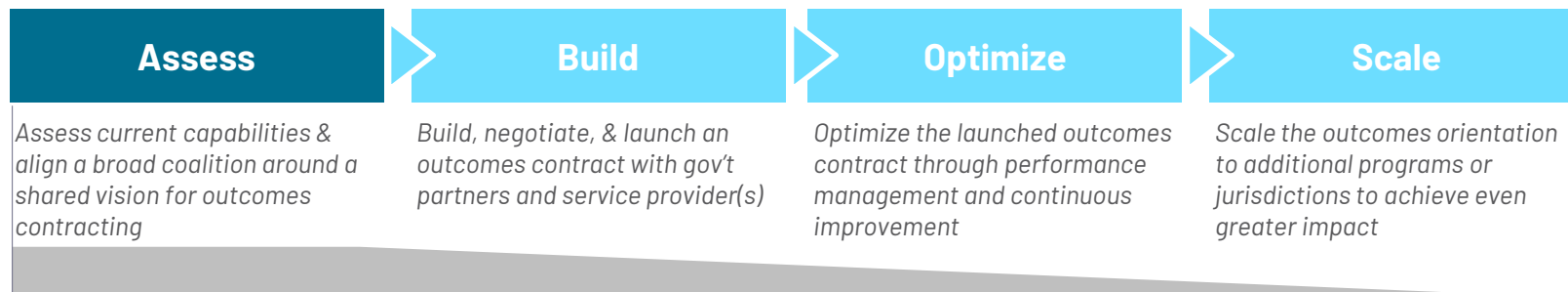
- A completed proposal for Outcome Payments (see [pages 4-5](#))
- An experimental evaluation plan using random assignment or other reliable, evidence-based research methodologies
- Evaluation scope of work and staffing
(to submit biannual Evaluation Reports and a Final Report to validate outcome achieved and outcome payments)

Feasibility Study Proposals:

What does an assessment for outcomes contracting entail?



Evaluating readiness for SIPBRA is part of a broader process to enable an “outcomes orientation”



Typical timeline & cost for Assessments

- 3 - 12 months engagement with a total cost for technical assistance typically between \$200-\$500K
- Time frame and cost vary based on scope of work, community expertise/readiness, and available staff and data

Activities

Your staff and 2-5 Third Sector consultants jointly develop an implementation plan for the following:

- *Policy*: convene stakeholder and assess the policy landscape to identify funding streams aligned with priority outcomes
- *Funding*: determine contracting options and design an economic model to test scenarios for an outcomes contract
- *Services*: evaluate outcome achievement track record, population needs, and suitable service provider(s)
- *Data*: select performance metrics and create an evaluation framework to better inform service delivery and policy-making

Deliverables

- Outcomes Contracting Assessment (“Feasibility Study”)
- Implementation Roadmap
- Tools and Analyses to transition into Build and Optimize phases
(i.e., implement a vision for outcomes contracting with government partners, service provider(s), and other organizations)

Disclosure

This presentation contains confidential, proprietary, copyright and/or trade secret information of Third Sector Capital Partners that may not be reproduced, disclosed to anyone, or used for the benefit of anyone other than Third Sector Capital Partners unless expressly authorized in writing by an executive officer of Third Sector Capital Partners.

Third Sector Capital Partners, Inc.
Boston • San Francisco • Washington, D.C.
info@thirdsectorcap.org | www.thirdsectorcap.org