

Pay for Success in Higher Education National Cohort Request for Information

OVERVIEW

Third Sector Capital Partners, Inc. (Third Sector), a nonprofit advisory firm, is offering six months of free technical assistance and training to states and public systems of higher education interested in leveraging Pay for Success (PFS) to fund evidence-based student access and success supports. Participation in Third Sector's national cohort will prepare states to launch PFS projects and to apply for new funding under the Fund for Innovation and Success in Higher Education (FINISH) Act. The recent bipartisan reintroduction of the FINISH Act will, for the first time, authorize Pay for Success in higher education. If this legislation is passed, states will have an opportunity to compete for up to five Pay for Success pilot initiatives as a way to increase access to postsecondary education opportunities for high-needs students.

Funded by the Kresge Foundation, Third Sector is forming a national cohort of higher education institutions, student support service providers, and funders that are interested in exploring PFS as a way to fund wraparound student support services that improve matriculation, persistence, and graduation outcomes for underserved students. During 2019, Third Sector will offer technical assistance and training to facilitate cross-state collaboration, workshop key components of PFS through a series of in-person and virtual convenings, and prepare participating states and public systems of higher education to pilot PFS projects. **To be selected for this free technical assistance, Third Sector is asking state departments and/or systems of higher education to [submit a brief request for information](#) by Friday, May 17, 2019 at 5 PM EST.** Third Sector will review the submitted requests for information and will make selections for the cohort based on a series of eligibility criteria, outlined in this document. Not only will the PFS in Higher Education cohort ready recipients for PFS opportunities within their own jurisdiction, participation in the cohort is likely to prepare states to be selected for pilot initiatives through the FINISH Act.

Third Sector will host an informational webinar on April 25, 2019 from 1:30-2:30 p.m. EST to provide more details on the cohort opportunity and to answer questions. [Register here](#).

Webinar registration, key dates information, and any possible amendment to this information will be posted on Third Sector's website at: <https://www.thirdsectorcap.org/education/higher-ed-cohort/>.

The Opportunity

Pay for Success is a model for contracting that has been embraced by jurisdictions across the country and, increasingly so, by the federal government. PFS models are used to accelerate performance-based contracting where an entity (often a government) agrees to pay for outcomes achieved (rather than on a fee-for-service basis). As an innovative contracting model, PFS brings together private investors, service providers, government agencies, and evaluators to drive public resources toward high-performing social programs. In PFS and some outcomes-oriented projects, third party financing is used to bridge the

timing gap between government payments and the upfront capital needed to implement the social program. In higher education, PFS may be used to systematically finance evidence-based access and success reforms that improve student outcomes to and through college, such as matriculation, persistence, and graduation outcomes. In addition to unlocking funding for effective programs, PFS can help institutions develop strategies to align resources with results by better measuring and evaluating the impact of programs, like wraparound student support services that promote college access and success. The process of developing PFS contracts enables communities to build the capabilities, capacity, and data infrastructure needed to pay for measurable outcomes that make a difference.

As Third Sector learned and shared in its recent white paper, [“Promoting Student Success Using Pay for Success to Improve Student Attainment in Higher Education,”](#) there are a variety of wraparound student support services offered by providers across the country that have demonstrated success in achieving the intended access and success outcomes for college-intending students of underserved backgrounds. While the evidence base of these services continues to grow, funding is often unsustainable. Additionally, the average cost of attending college is increasing while state funding is decreasing. The Center on Budget and Policy Priorities illustrates declining public state funds for higher education. As such, partners across the system must innovate new ways to pay for and support the achievement of student success outcomes and to close outcomes gaps, particularly among students of color. PFS presents an opportunity to:

1. Systematically finance wraparound student support services;
2. Improve access and success outcomes for underserved students and close equity gaps;
3. Use innovative finance to support state departments and systems of higher education meet enrollment and completion goals.

Services to Be Provided to Technical Assistance Recipients

Selected states and public systems of higher education will be provided training and technical assistance (TA) to workshop, develop, and work toward piloting Pay for Success projects from June to December 2019. Third Sector will work with states to review readiness for Pay for Success and outcomes-based service contracts by assessing six key feasibility components:

1. Student Population
2. Student Support Services
3. Outcomes and Evaluation
4. Data Access
5. Funder Development and Economics
6. Policy Landscape and Support

Example topics reviewed in this feasibility process include:

- **Student Population:** Identify specific student population(s) for a PFS project based on state priorities, determine referral pathways to support student access and success at public institutions of higher education, and prioritize the scale for a pilot project;
- **Student Support Services:** Assess the evidence-base and track record of possible student support service providers, and assess likely outcome metrics, the cost-per-participant, the

typical intervention effect size, the possibility to scale services, and the existing presence of service providers to deliver student support services focused on college access and success;

- **Outcomes and Evaluation:** Prioritize likely outcomes based on impact effect, determine the ability to measure outcomes, and identify an evaluation method for pilot project;
- **Data Access:** Understand accessible data sources and baseline data for specific student population, and define data access and sharing pathways for project PFS partners;
- **Funder Development and Economics:** Develop a PFS project economic model to value outcomes and determine required financing for a PFS contract;
- **Policy Landscape and Support:** Develop sample contract and procurement language, generate implementation roadmap, and develop support of existing or newly created performance-based policies for the achievement of outcomes.

PFS requires the collaboration of government, service providers, and funders. Third Sector has found through past project work that often the most advantageous approach to assess PFS readiness is to bring stakeholders together to workshop and refine an idea, pilot demonstration projects, and then learn from the process together. In this cohort approach, states will have an opportunity to learn about PFS, build a statewide team to workshop PFS feasibility, develop relationships with college access and success service providers, and work toward developing pilot projects, which may be ripe for funding available, if passed, through the five Pay for Success pilots as a part of the FINISH Act. The PFS in Higher Education cohort will include in-person convenings, which have been valuable for cohort groups to learn from each other, share common challenges, and generate possible solutions on their path to implementation. The PFS in Higher Education cohort has four primary goals:

1. Educate participating stakeholders about innovative contracting and funding mechanisms to attain better outcomes at scale across multiple providers;
2. Assess and enhance the capacity of organizations, across all levels, to explicitly identify and contract for meaningful college access and success outcomes;
3. Drive demand toward the utilization of outcomes-based funding to catalyze the performance shift in higher education; and
4. Develop shared tools and resources, such as an economic model and contract language, that enable a clear pathway for Pay for Success project construction and promote replicability at scale.

Expected Cohort Participation Outcomes

The PFS in Higher Education National Cohort will last for six months or longer, with available support, and consists of 2-3 in-person convenings combined with a series of webinars and calls to share subject-matter content. During convenings, Third Sector will curate a combination of panels from leaders in the field, workshop time for project teams, and sessions for sites to compare notes and troubleshoot common challenges. We have found that cross-state cohorts provide motivation and support to leaders across jurisdictions because they are not constrained by the “status quo” from their own state and are able to jointly identify creative ways to use federal, state, and private funds.

Third Sector’s goal is to develop a strong cohort of higher education institutions, providers, and funders by the end of 2019 that will then develop and pilot PFS projects focused on improving college access and

success outcomes. Cohort content will draw on effective practices identified through feedback from our past and current cohorts. Participating stakeholder groups will develop a common language and understanding of how state policy, and other enabling factors, can provide the environment for PFS to be used as a tool to promote student success. This cohort approach, with customizable tools shared across the network, will be an effective way to reach a variety of stakeholders to scale and influence the larger national system. At the conclusion of this technical assistance, and if successful or feasible, states and public systems of higher education recipients will be best positioned to pilot Pay for Success projects, possibly through FINISH Act funding, where applicable.

Through the training and technical assistance provided, Third Sector aims to equip states with the tools to launch pilot PFS projects in support of access and success outcomes, including:

1. Increase government readiness to pursue PFS and develop a roadmap for next steps
2. Identify provider characteristics for future student support service procurements
3. Develop an eighty-percent complete economic model with value proposition embedded
4. Assess the landscape of funding availability and funding priorities
5. Discern a series of key decisions made in developing a PFS model

Eligibility

Third Sector is looking for state departments of higher education and/or leaders of higher education systems/networks of public colleges, universities, or community colleges, to participate in a cohort to develop and pilot PFS's applicability and effectiveness to finance and scale access and success supports. As part of Third Sector's initial white paper on PFS in higher education, one finding from the interviews and research was that state systems and large higher education networks with multiple locations, as opposed to a single university or college, were more suited to implement PFS to fund student access and success supports that occur in the bridge between high school and college due to scale and related economic implications. As such, we are seeking interested state system and large network leaders that have a track record of exploring and implementing data-driven approaches in higher education, are in a state where an outcomes-based funding formula exists or can be enabled, and has accessible data to measure the achievement of student success outcomes (success outcomes may include: matriculation, persistence, graduation).

Priority for recipient selection of states and public systems of higher education should align with the following factors:

- Demonstrated government and leadership commitment;
- Staff capacity and commitment to utilize and leverage technical assistance resources;
- Articulated value proposition in strengthening college access and success services for underserved student population, including low-income, first-generation, and/or students of color;
- Existing process or willingness to explore contracting with external service provider for student support services.

Many states have developed and are implementing a performance-based funding formula to incentivize outcomes to and through higher education for underserved student populations. Ideally, recipient states

have centralized oversight and administration within their higher education systems and have a formalized performance-based funding process. Recipient states will also ideally have existing, or easily enabled, structures and processes to access and share reliable data with external support service providers in the contracting process.

How to Apply and Key Dates

Details on how to apply for Third Sector’s Pay for Success in Higher Education National Cohort Technical Assistance Opportunity are provided below. **Completed Request for Information (RFI) applications are due Friday, May 17, 2019 by 5:00pm EST.** This RFI should take no longer than five hours to complete.

Pay for Success in Higher Education National Cohort Technical Assistance Opportunity	
April 17, 2019	Request for Information Description and Application Released
April 25, 2019 from 1:30-2:30 p.m. ET	Informational Webinar for interested applicants; recording will be posted within a week of webinar date. Register here .
May 17, 2019	Request for Information applications due by 5:00 p.m. ET Use this Google form to submit your application.
May 20-23, 2019	Full review of applications and follow up calls
May 24, 2019	Announcement of technical assistance recipients
May 24-29, 2019	Recipient feedback
May 30-December 31, 2019	Memorandum of Understanding (MOU) between Third Sector and selected recipients developed and finalized. Technical Assistance will begin June 3, 2019

Webinar registration, key dates information, and any possible amendment to this information will be posted on Third Sector’s website at: <https://www.thirdsectorcap.org/education/higher-ed-cohort/>.

Request for Information applications will be accepted through this brief [form](#). Request for Information selection factors/questions include: (800 Word Limit, 100 Points Total)

- **Factor 1: Demonstrated government and leadership commitment to exploring PFS in higher education (200 Word Limit, 35 Points)**
 - Description of government and leadership’s interest in and ability to pursue PFS contracts;
 - Reference current performance-based funding, as applicable
 - Reference the kinds of programs supported by data-driven approaches
 - Existing partnerships that would support this effort and/or examples of how this effort has been supported to-date;

- Potential limitations/barriers to implementing the project successfully (e.g., political, legal, financial, technical barriers).
- **Factor 2: Staff capacity and commitment to utilize and leverage TA resources (200 Word Limit, 30 Points)**
 - Description of the recipient's willingness to commit dedicated staff to support the project (e.g. project manager, senior leadership, subject matter experts, and other key interdepartmental liaisons);
 - The name and contact information of a dedicated project manager who will oversee the cohort participation and pilot project development
 - Cohort participation by this project manager will require an average of 8-10 hours each month, in addition to 2-3 in-person convenings and/or workshops where key decision-makers will also need to be present
 - The project manager will also be responsible for identifying and coordinating with dedicated senior leadership, and program and finance/contract contacts, as needed
 - The RFI requires identification of those individuals, as well as someone who can support coordination and logistics
 - Description of the recipient's plan to commit supporting staff (with designated time and capacity) that: collaborate across multiple agencies/departments (e.g. budget; procurement), holds decision-making authority with contracts, quality assurance/performance management;
 - Description of data sources (i.e. government agency population data, community college/service provider data, etc.) that may be used in this effort;
 - Demonstrated willingness to develop PFS contract models with technical assistance support.
- **Factor 3: Articulated value proposition and interest in this TA (300 Word Limit, 20 Points)**
 - Description of recipient's interest in strengthening college access and success services for underserved student population;
 - Description of the current stated goals or strategic plan to support underserved student population;
 - Description of why technical assistance can help reach stated goals or strategic plan.
- **Factor 4: Existing process or willingness to explore contracting with external service provider for student support services (100 Word Limit, 15 Points)**
 - The name of an external service provider for student support services, as applicable;
 - Description of the opportunity the recipient sees in working with an external service provider to improve student access and success outcomes.

About Third Sector

Founded in 2011, Third Sector is a 501(c)3 organization that has worked with more than 40+ communities to deploy more than \$455 million of government resources toward outcomes. Our mission

is to accelerate the transition to a more performance-driven social sector. We use public funding and data as levers to impact how governments, providers, and their partners work with and improve the lives of the people they serve. Our work has connected resources to results to address challenges such as multigenerational poverty, housing stability, child development and education, workforce and economic mobility, and physical and mental health. To learn more, visit our website www.thirdsectorcap.org.

The opportunity to leverage Pay for Success in higher education grew out of a prior Kresge-funded Third Sector project that initially focused on PFS feasibility for text-based student support services provided by uAspire, a nonprofit organization ensuring that all young people have the financial information and resources necessary to find an affordable path to and through college. Through this [feasibility assessment](#), the readiness of the higher education field for more innovative financing models was identified, especially given the growing evidence-base around promising student support services, the implementation of performance-based funding formulas, and the broadened interest in using innovative finance.

About Pay for Success

Pay for Success (PFS) is an innovative outcomes-oriented contracting model that drives government resources toward high-performing social programs (see visual below). PFS contracts track the effectiveness of programs over time to ensure that funding is directed toward programs that succeed in measurable improving the lives of people most in need.

PAY FOR SUCCESS MECHANICS



For more information, please visit: <https://www.thirdsectorcap.org/what-is-pay-for-success/>

About the FINISH Act

Reintroduced by Senators Todd Young (R-IN), Michael Bennet (D-CO), and Tim Scott (R-SC), The FINISH Act aims to amend the Higher Education Act of 1965 to support innovative, evidence-based approaches that improve the effectiveness and efficiency of postsecondary education for all students, to allow pay for success initiatives, to provide additional evaluation authority, and for other purposes. The FINISH Act purposes include: “(1) increase access to postsecondary education opportunities for high-need students;

(2) identify and support the most effective interventions to increase postsecondary degree attainment of high-need students; and (3) improve the efficiency of postsecondary education.”

Results for America, a group that works with federal leaders to accelerate their use of evidence and data when making budget, policy, and management decisions, has said that,

“there is a growing need for innovation in higher education. It has become increasingly evident that a single model for higher education does not fit the diversity of our nation’s learners. Institutions receiving federal funding should have some regulatory flexibility to meet the needs of high-need students and ensure that those entering college have the support and resources needed to gain access to and complete higher education. By authorizing innovative, evidence-based grants funding, pay for outcomes projects, open educational resources, and evaluation authority, the FINISH Act will promote innovation and results in higher education.”

The legislation would be very supportive of our cohort's work, and we could see a path where, if passed, projects under development from the cohort would be ripe to apply for this funding. Specific goals of this legislation include capabilities to:

- Leverage the power of evidence and innovation to improve outcomes in higher education, including the opportunity to expand access to higher education and help high-need students complete their degree;
- Create a tiered-evidence innovation fund that would test, replicate, and scale up successful approaches to improving access to and completion in higher education, including partnerships among states, service providers, K-12 institutions, and institutions of higher education; and
- Authorize up to 5 new Pay for Success pilot initiatives that will invest federal funds in proven solutions once they demonstrate results.