

# **Request for Information: Pay for Success in Higher Education**

Technical assistance opportunity for states and public systems of higher education

April 25, 2019

## Webinar Objectives

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- Outline the opportunity to leverage Pay for Success in higher education
- Provide an overview of the scope and goals of the technical assistance opportunity from Third Sector
- Review the Request for Information application process and answer initial questions about the project goals and vision

# Agenda

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## *Overview of Pay for Success*

Case Study: Cuyahoga County

Project and Technical Assistance Goals

Application Logistics and Details

Questions and answers

# Introduction to Third Sector

## Pay for Success in Higher Education Cohort Technical Assistance Team



**H. Kay Howard**  
Director  
Third Sector



**Sarah Walton**  
Senior Associate  
Third Sector

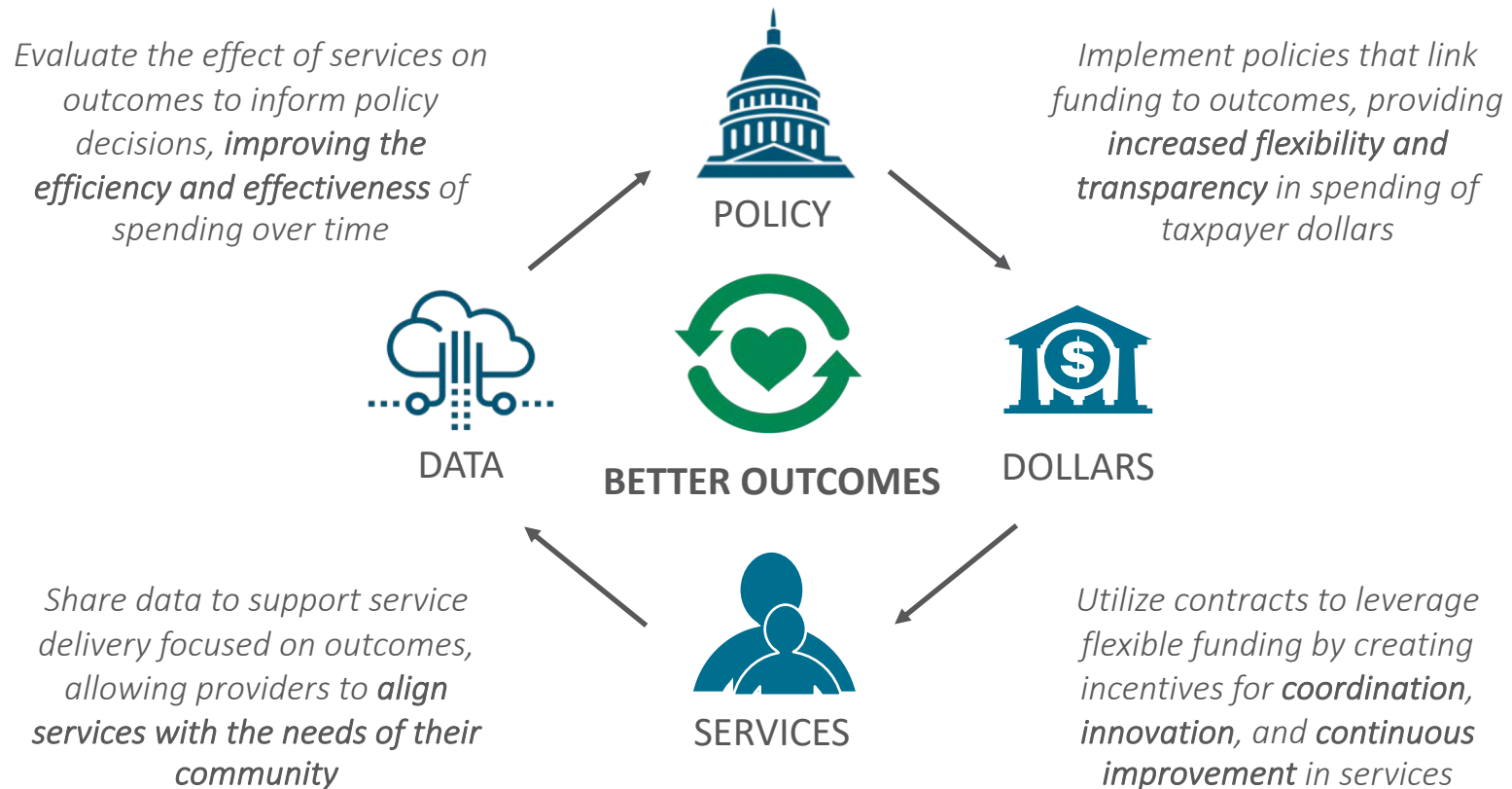


**Joanna Kuang**  
Associate  
Third Sector



# Outcomes contracts, including Pay for Success projects, require alignment of policy, dollars, data, and services to improve social outcomes

## Anatomy of a Pay for Success Project



# Third Sector has deployed **\$480M** in public funding via outcomes contracts influencing services for **24,000** people

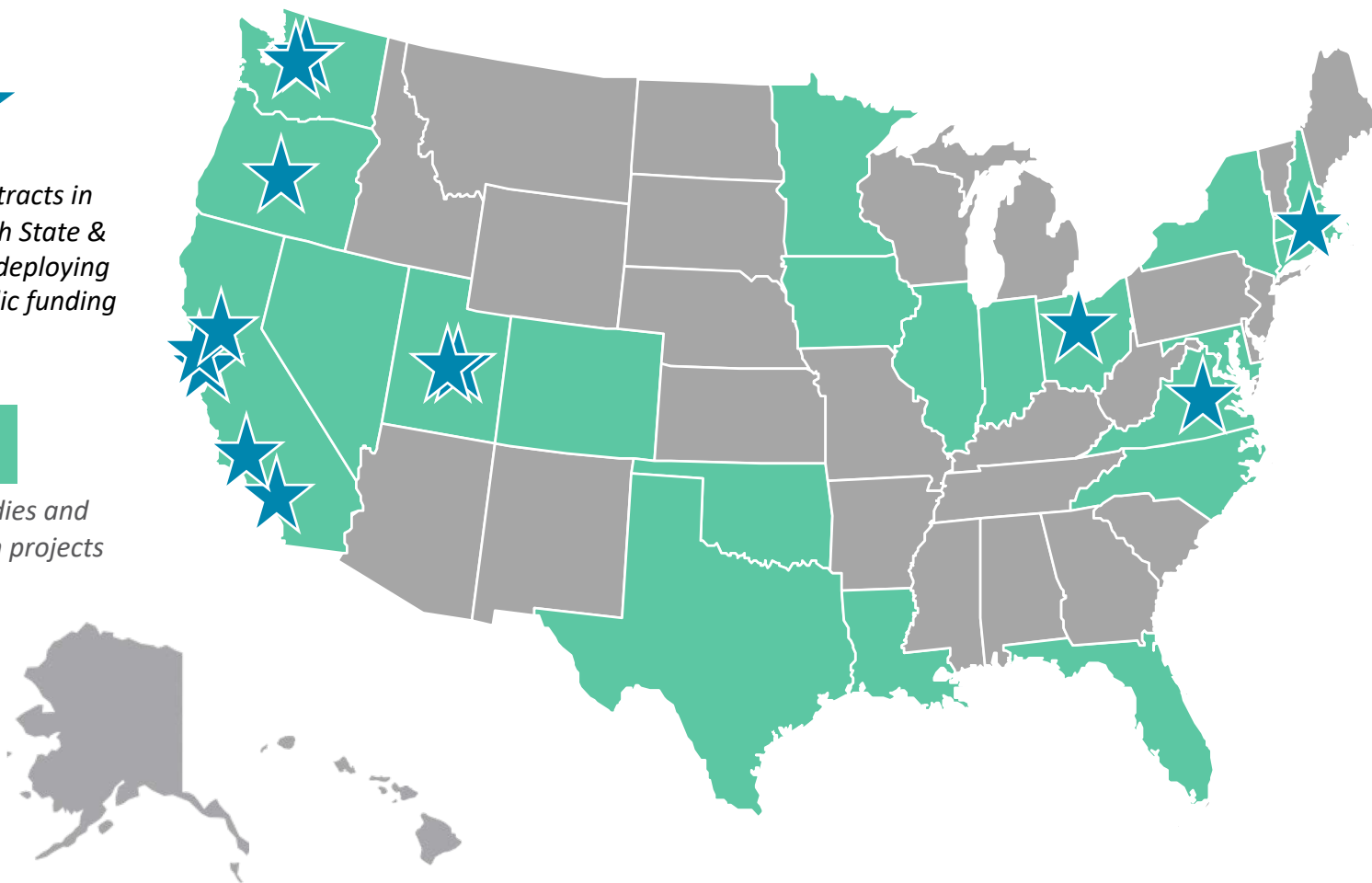
Our Mission: To accelerate the transition to a performance-driven social sector

13

*Launched Contracts in Partnership with State & Local Agencies deploying \$480mm in public funding*

60+

*Feasibility studies and implementation projects*



# The opportunity to use PFS in higher education has been informed by insights and recommendations offered from leaders of HEIs

## Key Learnings from 2017 PFS in Higher Education Feasibility Study

*Interviews with over a dozen leaders in the Higher Education Space, including two-year and four-year institutions, confirmed:*

### A Need for Additional Support Services

College-intending students who are low-income, first-generation, and/or students of color disproportionately experience poorer matriculation, persistence, and graduation outcomes

### Availability of Providers for Services

There are many providers with strong brand equity and a rigorous evidence base who have demonstrated success in improving access and success outcomes

### Positive Cost-Benefit Analysis

Preliminary financial analysis demonstrated that offering these services can lead to additional financial benefit for HEIs, through Pell Grant funding and performance-based funding formulas

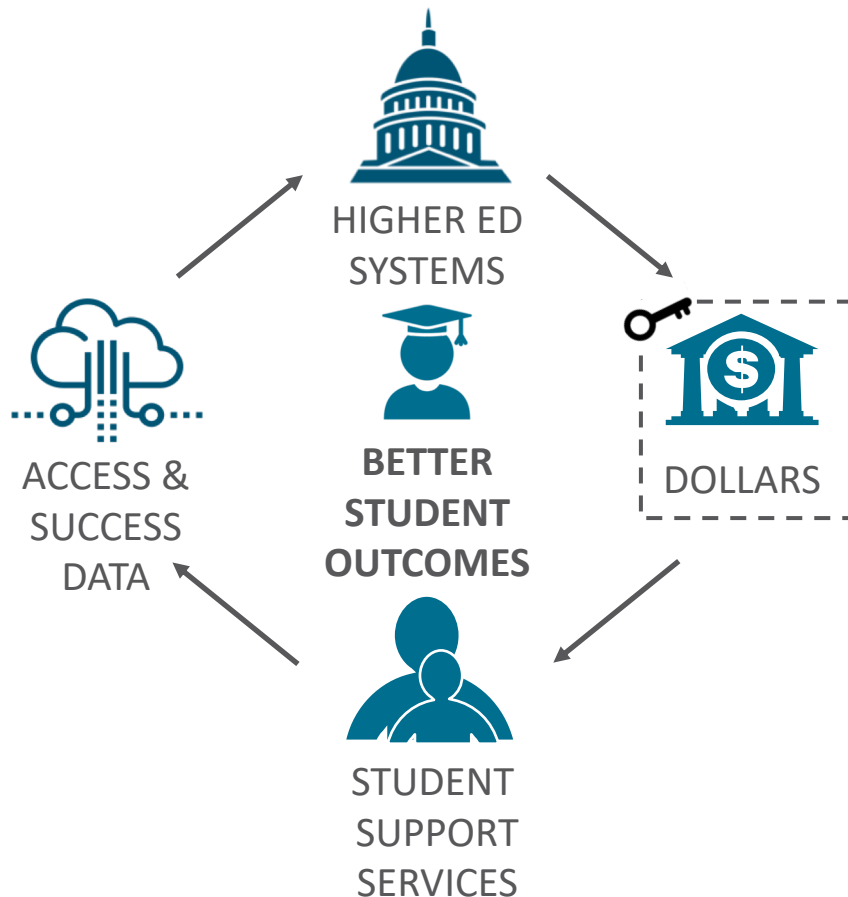
### Squeezed budgets

Current HEI budgets are already limited, and to invest in additional services (even with long-range benefits) would require additional financial support

Third Sector's initial feasibility study, funded by the Kresge Foundation, "[Promoting Student Success Using Pay for Success to Improve Student Attainment in Higher Education](#)," December 2017

# PFS is a tool that can be used to unlock public resources and pilot student support services for state systems and networks of higher education

Through Performance-Based Funding Formulas and Third-party Financing, Funding is Linked to Outcomes



## Pay for Success (PFS)

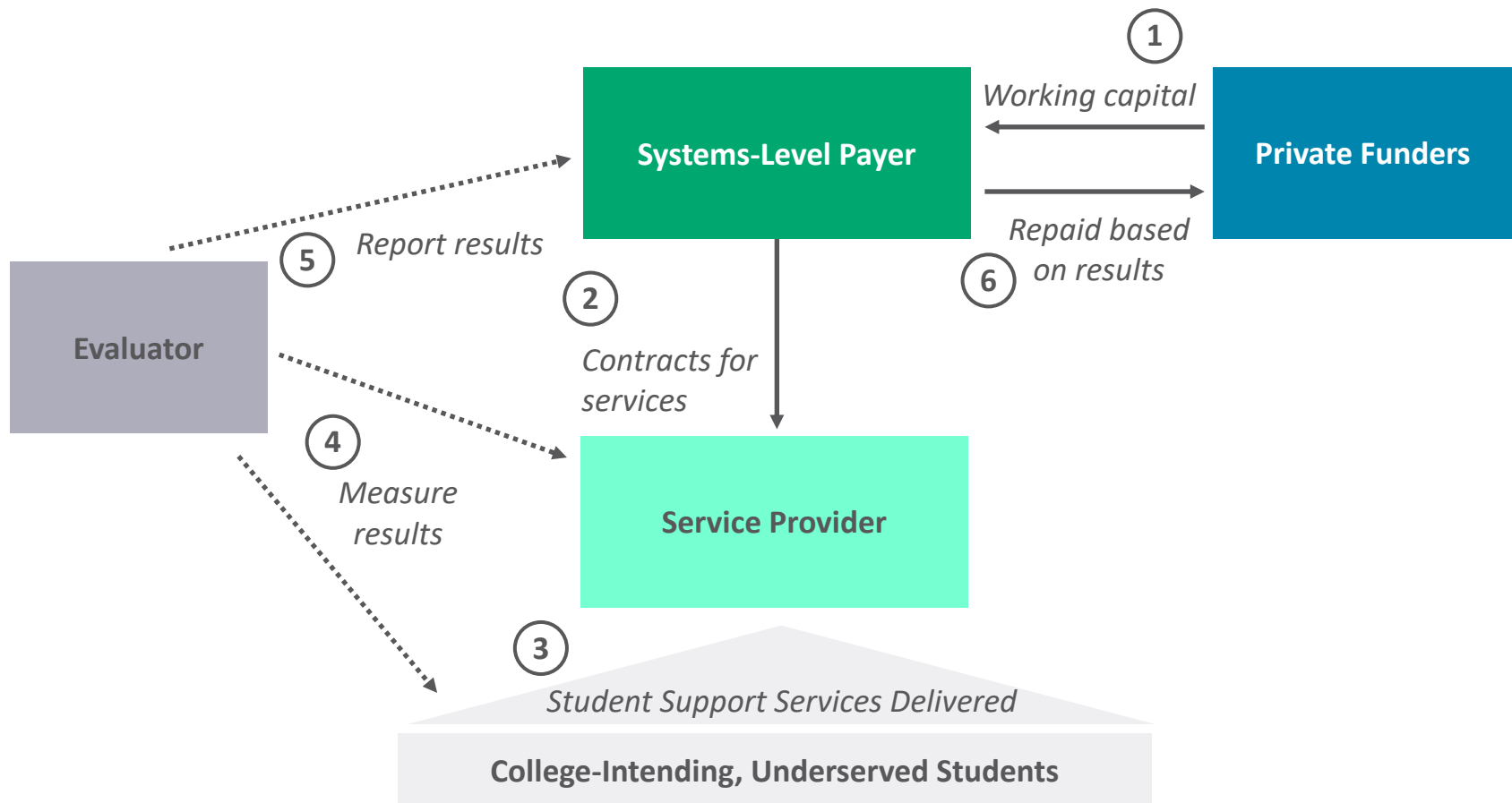
A form of performance-based contracting where an entity (*often a government*) agrees to **pay for outcomes achieved** (*rather than on a fee for service basis*).

## Social Impact Bond (SIB)

Third Party Funding, from investors or grants, is a way to bridge timing gap between government payments and the upfront capital needed to implement PFS interventions. While this financing can be a critical tool, it is not a requirement for a PFS project, especially if other government funding can be unlocked to fund the achievement of outcomes.

# Pay for Success can be applied to higher education to accelerate the connection between resources and impact for underserved students

## Illustrative PFS in Higher Ed Project



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# Third Sector's approach works with public systems to design and implement practical solutions that help people facing complex challenges

## Jennifer's Story<sup>1</sup>



**An example from Cuyahoga County, Ohio:** In 2011, Jennifer's boyfriend stabbed her during an argument in front of their six children. Jennifer abandoned her home and fled to escape the dangerous, abusive situation.

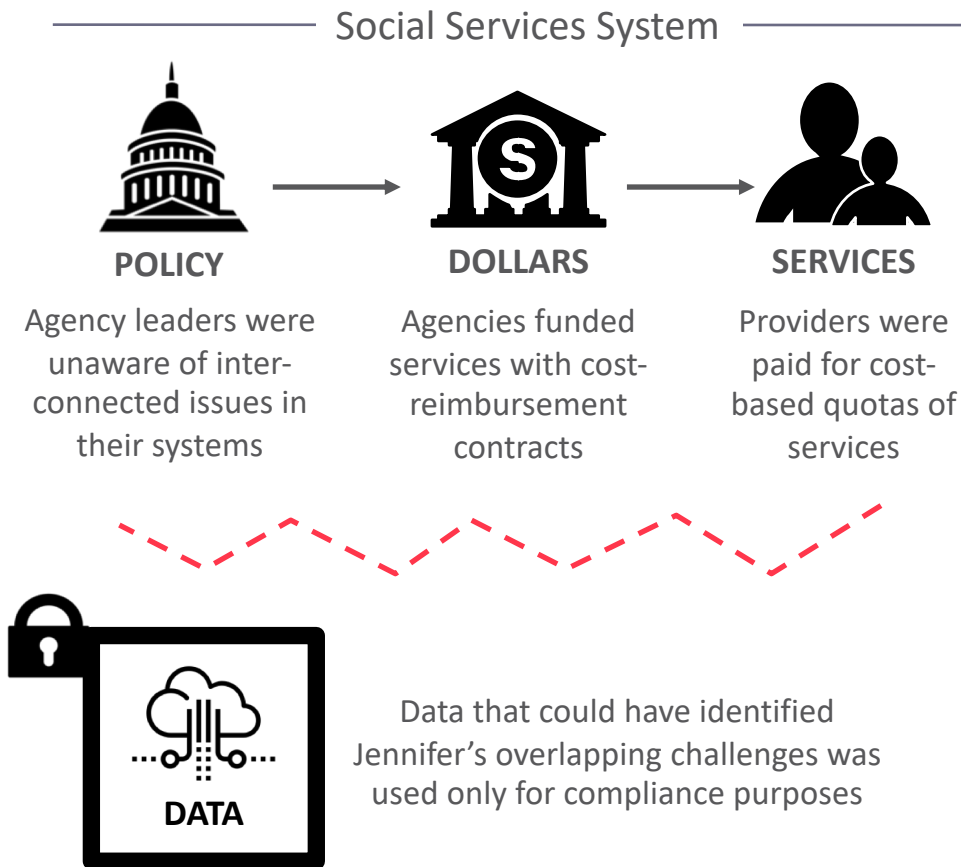
Jennifer and her family became homeless. Jennifer spent two years living on and off with family and friends. Her children were placed in foster care.

The Cuyahoga County foster care, housing and mental health treatment systems were not coordinated, leaving Jennifer without the resources to overcome the overlapping challenges of finding stable housing, recovering from trauma and navigating the foster care system to reunite with her children.

1) Jennifer's name has been changed to protect her privacy. Photo Credit: Courtesy of FrontLine Services

# Cuyahoga County social services were not set up to recognize or address overlapping challenges, and families were falling through the cracks

## Status Quo



## Outcome



Services were not coordinated to help housing insecure parents stabilize their lives and reunite with their children, leaving dozens of families like Jennifer's at risk of being separated forever

Photo Credit: El Paso Coalition for the Homeless



# Third Sector worked with Cuyahoga County to focus social services on measurable, long-term outcomes for parents and their children

## Shift to Outcomes Contracting through a Pay for Success Contract

### Status Quo Approach



**Policy** implementation utilizes cost-reimbursement for services delivered or individuals served without incentives for coordination or innovation



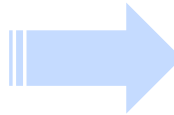
**County dollars** reimbursed providers for costs instead of measurable outcomes



**Services** for youth in foster care were not coordinated with programs for housing insecure parents



**Data** was used for monitoring instead of surfacing new insights or identifying problems in the system



### Pay for Success Approach



Cuyahoga County leaders and nonprofits aligned around innovations that **reduce the length of foster placements** while **reuniting more families**



Dollars **rewarded providers** for reducing the number of days children were in foster care



Providers launched **coordinated services** for **135 families** separated by housing insecurity

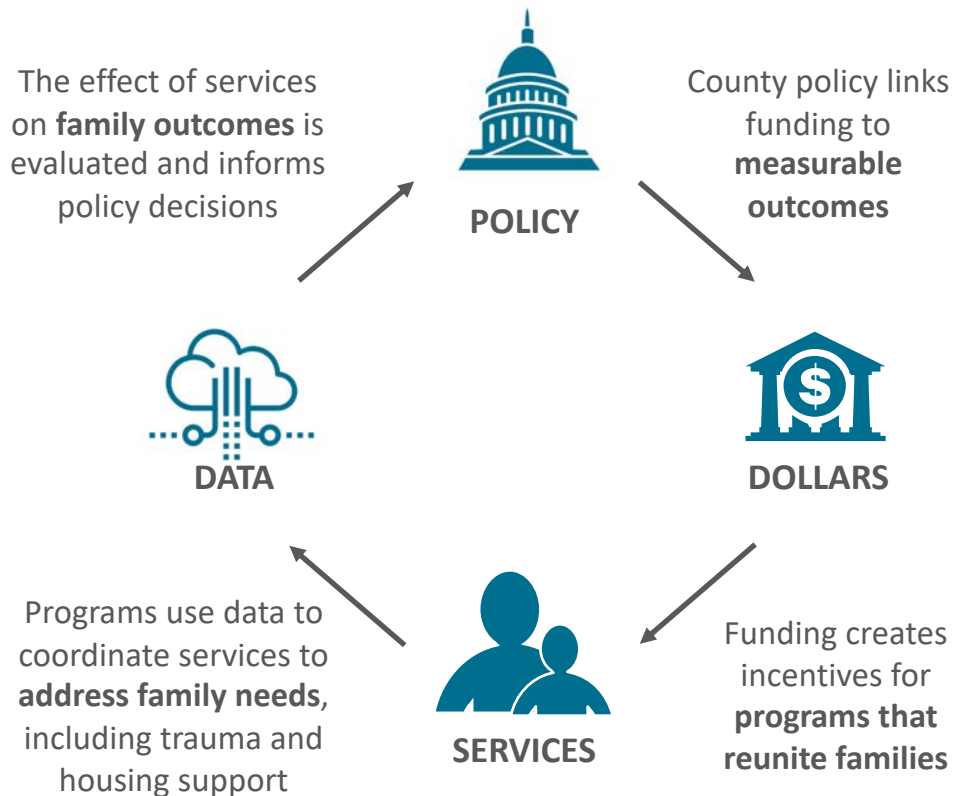


Outcomes data was collected and shared to support **continuous improvement**

# In Ohio, PFS contracts connected policy, dollars, services, and data, creating a system that coordinated support for Jennifer and her family

## Improvements through PFS Contracts

### Improved System



### Improved Outcomes



Jennifer was one of 135 parents who received coordinated support to find stable housing, navigate the foster care system, with the ultimate goal of **reuniting with their children**

Photo Credit: Courtesy of FrontLine Services

# The story of Cuyahoga County, Ohio is far from unique; a Pay for Success contracting approach can improve results across a broad range of issues

## Third Sector Issue Areas



Workforce  
Development

Increasing job placement rate and wage growth for child welfare and justice-involved youth in Suffolk County, MA



Housing

Increasing housing stability and health for the most frequent users of jail and emergency services in Los Angeles County, CA



Mental  
Health

Decreasing response times from two weeks to same day for people experiencing mental health in King County, WA



Higher  
Education

**New project:** Increasing enrollment, persistence, and graduation outcomes for underserved students across a national cohort

Photo Credits: Family Stabilization: Courtesy of FrontLine Services, Workforce Development: Courtesy of Roca, Inc.; Mark Morelli, Housing: Courtesy of First Step House, Mental Health: Courtesy of Abode Services. For more information about Third Sector's project work in higher education, visit <https://www.thirdsectorcap.org/education/>

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# Third Sector is excited to invite state departments and systems of higher education to participate in a national cohort exploring PFS

## Pay for Success in Higher Education National Cohort Vision



College-intending students who are low-income, first-generation, and/or students of color disproportionately experience poorer matriculation, persistence, and graduation outcomes in their path to and through college.

While there are a variety of wraparound student support services offered by nonprofit providers across the country, demonstrating success in achieving outcomes, partners need to develop innovative models to systematically finance and scale them because their financing is currently unsustainable.

**Throughout 2019, Third Sector will build a collaborative cohort of higher education institutions, nonprofit providers, and funders who can workshop, leverage, and apply PFS models to systematically finance evidence-based access and success reforms to improve student success outcomes, all to launch pilot projects in 2020.**

# Previous experience assessing feasibility for PFS in higher education has helped Third Sector determine eligibility criteria for this opportunity

## Eligibility for Technical Assistance



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 student access and success supports.

Note: Our initial feasibility study found that state systems and large higher education networks with multiple locations, as opposed to a single university or college, are better suited to implement PFS due to scale and related economic implications.

## The goal of this technical assistance is to develop pilot projects by building a national cohort of stakeholders to workshop PFS in higher education

The PFS in Higher Education cohort will workshop how PFS may be leveraged to systematically fund evidence-based student support services that improve student outcomes to and through college

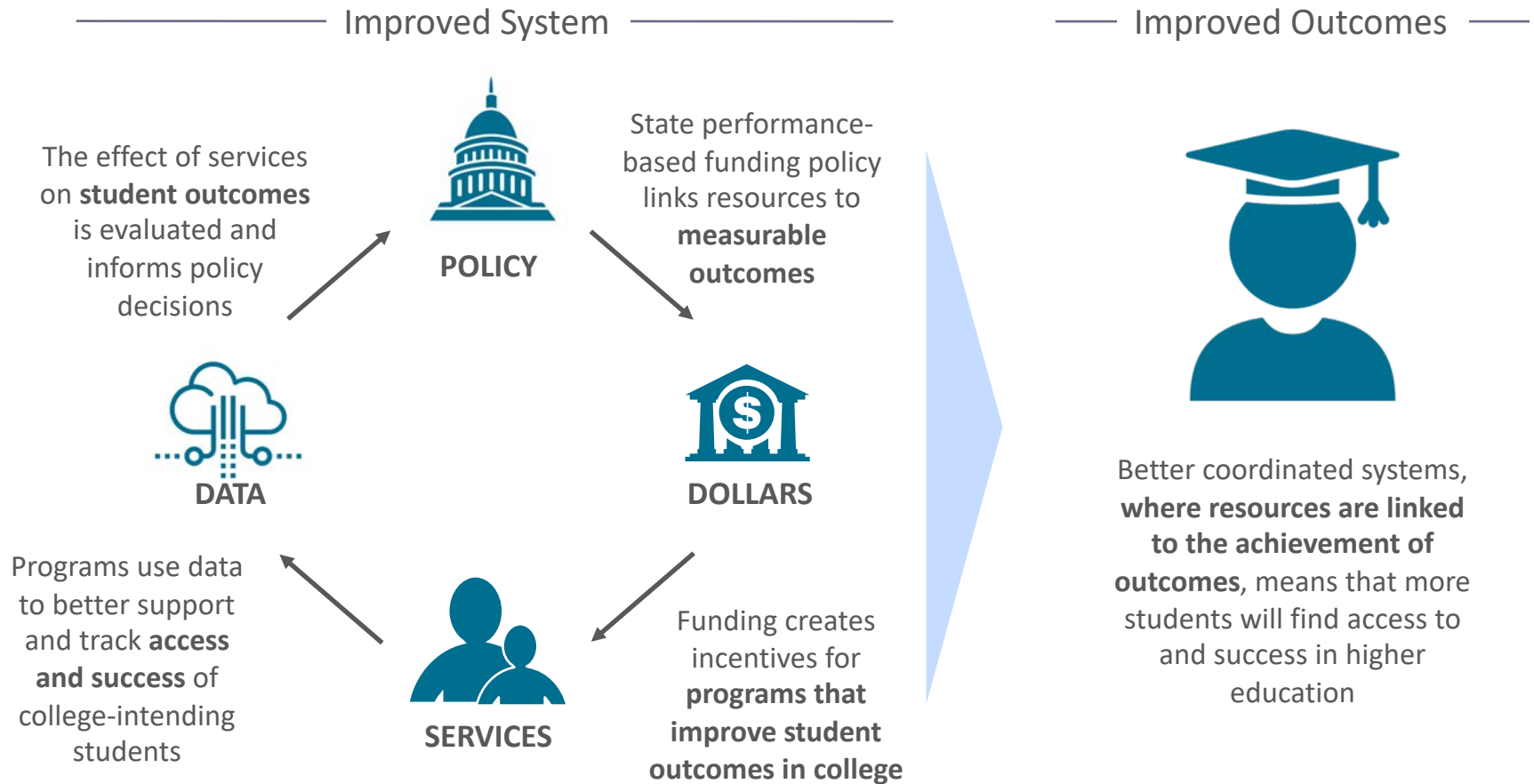
### This project will:

- Assess Pay for Success in Higher Education by **collaborating with three stakeholder groups**: state government and higher education agencies, leading college access and success nonprofits, and funders/investors
- **Workshop PFS criteria with stakeholders** in order to adapt a PFS project structure to the higher education context
- Generate tools and resources to **develop pilot projects** and to support replicability across higher education systems

Some sites will be ready to take the tools and resources developed during this technical assistance and build pilot projects that may also be ripe to apply for funding available through the FINISH Act.

# By the end of the TA period, cohort participants will have aligned key policy, dollars, services, and data systems to support student outcomes

## A System to Continuously Improve Outcomes for Underserved Students





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# The PFS in Higher Education cohort will work across three collaborative stakeholder groups to improve student success outcomes

## 2019 PFS in Higher Education Cohort Stakeholders

### **Systems-Level Payer** Higher Education Systems

In PFS projects, this is the public or system partner that identifies a critical social issue with historically poor outcomes. The public or system partner is often the end payer, and repays private/upfront investments of services used to achieve positive outcomes

### **Service Provider** Access and Success Providers

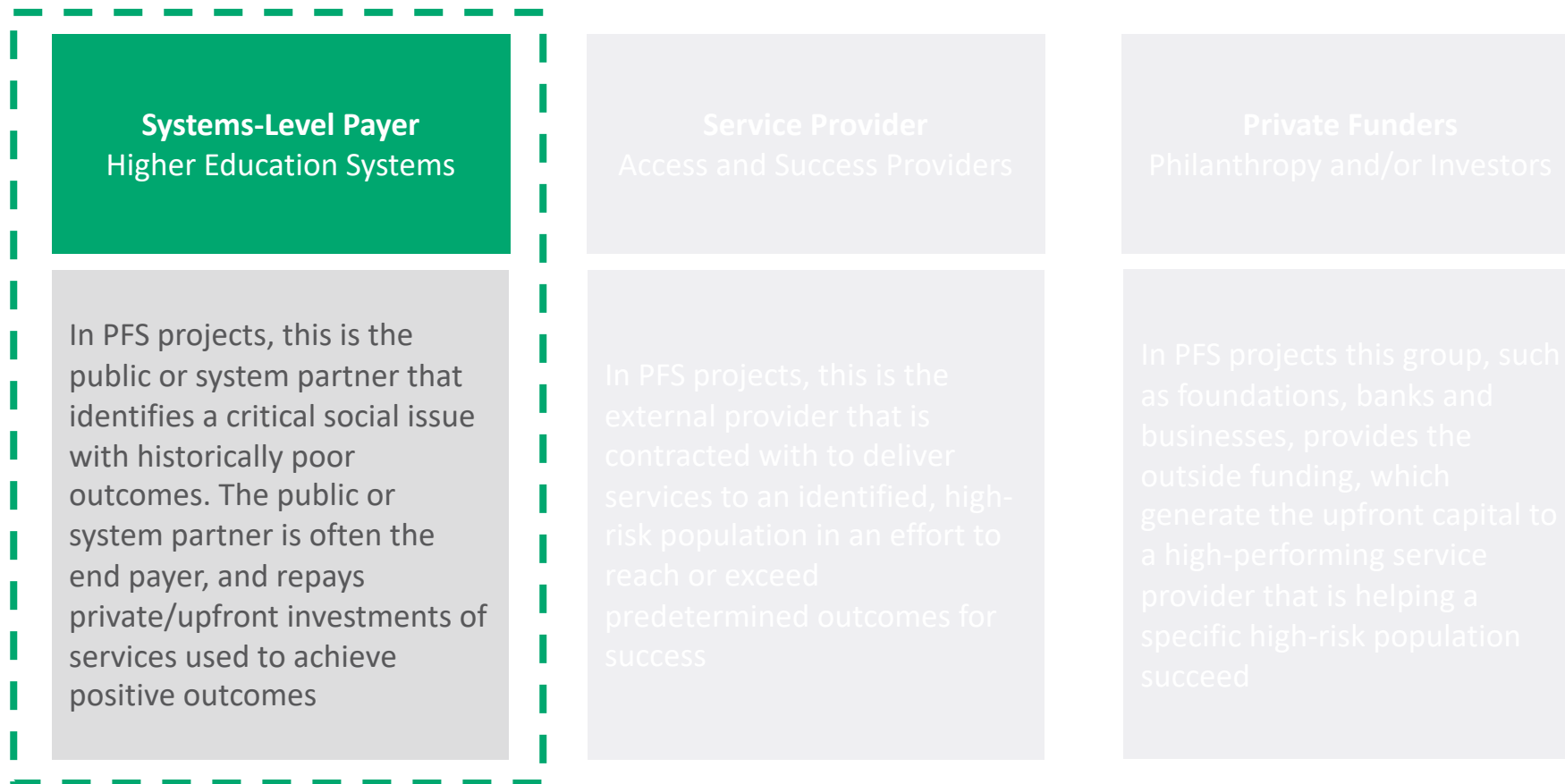
In PFS projects, this is the external provider that is contracted with to deliver services to an identified, high-risk population in an effort to reach or exceed predetermined outcomes for success

### **Private Funders** Philanthropy and/or Investors

In PFS projects this group, such as foundations, banks and businesses, provides the outside funding, which generate the upfront capital to a high-performing service provider that is helping a specific high-risk population succeed

# The current training and technical assistance opportunity is offered for the systems-level payer of a PFS project to apply via the RFI

## Opportunity for states and public systems of higher education



# Third Sector has experience developing projects with diverse communities, across a variety of issue areas, through our cohort model

## 2016 Social Innovation Fund



## 2017 Workforce



## 2017-2019 Administrative Data Pilots



## 2017-2019 Empowering Families



## 2019 PFS in Higher Education National Cohort

*This can be you!*

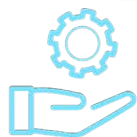
# Collaboratively, TA recipients will assess PFS in higher education by workshopping feasibility components in six key workstreams

## PFS Feasibility Components to Workshop with Cohort



### Student Population

*Clearly define population and eligibility standards to enroll, serve, and measure impact*



### Student Support Services

*Intervention design with strong evidence base and track record of impact in enrollment, persistence, and graduation outcomes*



### Outcomes and Evaluation

*Prioritize outcomes based on impact effect, as well as evaluation method(s) for pilot projects defined*



### Data Access

*Access and share administrative / institutional data for rigorous prospective evaluation, serving as the basis for end payments*



### Economics and Financing

*Committed end payer(s) prioritize financial and social benefits, shaping final project's value proposition*



### Policy Support

*Environment enables, or has the capacity to enable, relevant policy supports for project*

# A Project Manager, in collaboration with other stakeholders, will participate in workshops and convenings to begin building pilot projects

## Participation in Third Sector's Higher Education Cohort

### Project Manager Role

A key staff member with the time, resources, and capacity to:

- Collaborate across multiple agencies/departments (e.g. budget; procurement)
- Oversee cohort participation and pilot project development
- Identify and coordinate with dedicated senior leadership and program and finance/contract contacts, as needed

An individual already focused on the performance of student success outcomes or special projects is often best for this work

### Expectations for Cohort Participation

- 3-4 key staff with leadership engagement
- Technical assistance offered June-December 2019
- Spend approximately 8-10 hours a month to participate on calls, group webinars, and/or in-person workshops
- Attend 2-3 in-person convenings

# All Requests for Information are due Friday, May 17 by 5:00 p.m. EST

## How to Apply and Key Dates

Pay for Success in Higher Education National Cohort Technical Assistance Opportunity	
April 17, 2019	Third Sector releases the <a href="#">Request for Information</a> description and application
April 25, 2019	<b>Informational webinar</b> for interested applicants from 1:30-2:30 p.m. EST. <i>Additional questions must be submitted via email by April 30th</i>
May 2, 2019	Informational webinar and FAQ document posted to website
<b>May 17, 2019</b>	<b>Request for Information applications due by 5:00 p.m. EST by <a href="#">Google Form</a></b>
May 20-23, 2019	Third Sector completes full review of applications and conducts follow up calls
May 24, 2019	<b>Announcement of technical assistance recipients</b>
May 24-29, 2019	Recipient feedback
May 30-December 31, 2019	<b>Memorandum of Understanding</b> between Third Sector and selected recipients is developed and finalized. Technical Assistance will begin June 3, 2019

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# Questions and Answers

## Q&A Time and Next Steps

### 1. How do I submit additional questions to Third Sector?

- Interested applicants may submit additional questions to Third Sector by emailing Sarah Walton, [swalton@thirdsectorcap.org](mailto:swalton@thirdsectorcap.org), by Tuesday, April 30<sup>th</sup>
- A FAQ document will also be created, updated, and available on Third Sector's website along with a recording of this webinar

### 2. How can I access this webinar and other materials relevant to Third Sector's technical assistance and training opportunity?

- All information about the PFS in Higher Education National Cohort can be found on our website at <https://www.thirdsectorcap.org/education/higher-ed-cohort/>

### 3. How do I submit the Request for Information and when will I learn about the selection process?

- Third Sector is accepting RFIs through [this Google Form](#) and will communicate with applicants after a full review the week of May 20, 2019.

## Disclosure

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