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

• 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
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

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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**

- **Policy**: Implement policies that link funding to outcomes, providing increased flexibility and transparency in spending of taxpayer dollars.

- **Data**: Share data to support service delivery focused on outcomes, allowing providers to align services with the needs of their community.

- **Dollars**: Utilize contracts to leverage flexible funding by creating incentives for coordination, innovation, and continuous improvement in services.

- **Services**: Evaluate the effect of services on outcomes to inform policy decisions, improving the efficiency and effectiveness of spending over time.
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

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

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:*

<table>
<thead>
<tr>
<th>A Need for Additional Support Services</th>
<th>College-intending students who are low-income, first-generation, and/or students of color disproportionately experience poorer matriculation, persistence, and graduation outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Providers for Services</td>
<td>There are many providers with strong brand equity and a rigorous evidence base who have demonstrated success in improving access and success outcomes</td>
</tr>
<tr>
<td>Positive Cost-Benefit Analysis</td>
<td>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</td>
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<tr>
<td>Squeezed budgets</td>
<td>Current HEI budgets are already limited, and to invest in additional services (even with long-range benefits) would require additional financial support</td>
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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

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**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**

1. **Private Funders**
   - Working capital
   - Repaid based on results

2. **Systems-Level Payer**
   - Contracts for services

3. **Service Provider**
   - Measure results

4. **Evaluator**
   - Report results

5. **College-Intending, Underserved Students**
   - Student Support Services Delivered

- **Contractors for services**
- **Evaluator**
- **Systems-Level Payer**
- **Service Provider**
- **Private Funders**
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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 Story¹

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**

**Social Services System**

- **Policy**: Agency leaders were unaware of interconnected issues in their systems
- **Dollars**: Agencies funded services with cost-reimbursement contracts
- **Services**: Providers were paid for cost-based quotas of services

**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

**Data**

Data that could have identified Jennifer’s overlapping challenges was used only for compliance purposes

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

<table>
<thead>
<tr>
<th>Status Quo Approach</th>
<th>Pay for Success Approach</th>
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<tbody>
<tr>
<td><strong>Policy</strong> implementation utilizes cost-reimbursement for services delivered or individuals served without incentives for coordination or innovation</td>
<td>Cuyahoga County leaders and nonprofits aligned around innovations that reduce the length of foster placements while reuniting more families</td>
</tr>
<tr>
<td><strong>County dollars</strong> reimbursed providers for costs instead of measurable outcomes</td>
<td><strong>Dollars rewarded providers</strong> for reducing the number of days children were in foster care</td>
</tr>
<tr>
<td><strong>Services</strong> for youth in foster care were not coordinated with programs for housing insecure parents</td>
<td><strong>Providers launched coordinated services for 135 families</strong> separated by housing insecurity</td>
</tr>
<tr>
<td><strong>Data</strong> was used for monitoring instead of surfacing new insights or identifying problems in the system</td>
<td><strong>Outcomes data was collected and shared to support continuous improvement</strong></td>
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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**

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**Improved System**

- The effect of services on *family outcomes* is evaluated and informs policy decisions.
- Programs use data to coordinate services to *address family needs*, including trauma and housing support.

**Improved Outcomes**

- County policy links funding to *measurable outcomes*.
- Funding creates incentives for programs that *reunite families*.

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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/](https://www.thirdsectorcap.org/education/)
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*Project and Technical Assistance Goals*

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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.

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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**Improved System**

- The effect of services on student outcomes is evaluated and informs policy decisions.
- Programs use data to better support and track access and success of college-intending students.

**Improved Outcomes**

- State performance-based funding policy links resources to measurable outcomes.
- Funding creates incentives for programs that improve student outcomes in college.
- Better coordinated systems, where resources are linked to the achievement of outcomes, means that more students will find access to and success in higher education.
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The PFS in Higher Education cohort will work across three collaborative stakeholder groups to improve student success outcomes

**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**

<table>
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<th>Systems-Level Payer</th>
<th>Service Provider</th>
<th>Private Funders</th>
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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.
Third Sector has experience developing projects with diverse communities, across a variety of issue areas, through our cohort model

<table>
<thead>
<tr>
<th>2016 Social Innovation Fund</th>
<th>2017 Workforce</th>
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<tr>
<td>Children &amp; Families</td>
<td>San Diego Workforce Partnership</td>
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<td>Commission of Orange County</td>
<td>Workforce Solutions Capital Area</td>
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<td>Friends of the Children</td>
<td>Workforce Development</td>
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<td>Portland</td>
<td>Office of Economic Development</td>
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<td>Marion County</td>
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<td>Multnomah County</td>
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<tr>
<td>County of San Diego Health and Human Services Agency</td>
<td>Children's Services Council of Broward County</td>
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<tr>
<td>The County of Santa Cruz 1850</td>
<td>Children's Rights Initiative</td>
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<tr>
<td>Washington State Department of Early Learning</td>
<td>Connecticut Office of Early Childhood</td>
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<tr>
<th>2019 PFS in Higher Education National Cohort</th>
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<tr>
<td>This can be you!</td>
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Collaboratively, TA recipients will assess PFS in higher education by workshopping feasibility components in six key workstreams

<table>
<thead>
<tr>
<th>PFS Feasibility Components to Workshop with Cohort</th>
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<tr>
<td><strong>Student Population</strong></td>
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<td><strong>Student Support Services</strong></td>
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<tr>
<td><strong>Outcomes and Evaluation</strong></td>
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<td><strong>Data Access</strong></td>
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<td><strong>Economics and Financing</strong></td>
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<td><strong>Policy Support</strong></td>
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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

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<th>Project Manager Role</th>
<th>Expectations for Cohort Participation</th>
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<tr>
<td>A key staff member with the time, resources, and capacity to:</td>
<td>• 3-4 key staff with leadership engagement</td>
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<tr>
<td>• Collaborate across multiple agencies/departments (e.g. budget; procurement)</td>
<td>• Technical assistance offered June-December 2019</td>
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<tr>
<td>• Oversee cohort participation and pilot project development</td>
<td>• Spend approximately 8-10 hours a month to participate on calls, group webinars, and/or in-person workshops</td>
</tr>
<tr>
<td>• Identify and coordinate with dedicated senior leadership and program and finance/contract contacts, as needed</td>
<td>• Attend 2-3 in-person convenings</td>
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An individual already focused on the performance of student success outcomes or special projects is often best for this work
All Requests for Information are due Friday, May 17 by 5:00 p.m. EST

How to Apply and Key Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>April 17, 2019</td>
<td>Third Sector releases the Request for Information description and application</td>
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<tr>
<td>April 25, 2019</td>
<td>Informational webinar for interested applicants from 1:30-2:30 p.m. EST. Additional questions must be submitted via email by April 30th</td>
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<tr>
<td>May 2, 2019</td>
<td>Informational webinar and FAQ document posted to website</td>
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<tr>
<td>May 17, 2019</td>
<td>Request for Information applications due by 5:00 p.m. EST by Google Form</td>
</tr>
<tr>
<td>May 20-23, 2019</td>
<td>Third Sector completes full review of applications and conducts follow up calls</td>
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<tr>
<td>May 24, 2019</td>
<td>Announcement of technical assistance recipients</td>
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<td>May 24-29, 2019</td>
<td>Recipient feedback</td>
</tr>
<tr>
<td>May 30-December 31, 2019</td>
<td>Memorandum of Understanding between Third Sector and selected recipients is developed and finalized. Technical Assistance will begin June 3, 2019</td>
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</table>
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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, by Tuesday, April 30th
   • 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.
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