

A New Approach to Systematically Finance College Access and Success



The Challenge

Research shows that college-intending low-income, first-generation, students of color disproportionately experience poorer matriculation, persistence, and graduation outcomes in their path to and through college. These students would benefit from additional wraparound student support services to navigate the system and overcome barriers in order to access and succeed in college. There are a variety of wraparound student support services offered by nonprofit 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 unsustainable. In the last ten years, the cost of a postsecondary education has increased by 35% while the availability of public funding for state institutions of higher education has declined.

Third Sector's Approach

With Kresge Foundation support, Third Sector is building a cohort of partners to explore opportunities for higher education institutions to leverage Pay for Success (PFS) models to systematically finance evidence-based access and success reforms that improve student outcomes to and through college. PFS is an innovative contracting model that brings together private investors, service providers, government agencies and evaluators to drive public resources toward high-performing social programs. This work grew out of a prior Kresge-funded project that initially focused on PFS feasibility for text-based student support services and eventually commented more generally on the readiness of the higher education field for more innovative financing models. Click [here](#) for that analysis. Third Sector now aims to develop a cohort of governments and higher education institutions that are well positioned to workshop the report's initial conclusions and participate in a working group to develop and pilot PFS's applicability and effectiveness to finance and scale access and success supports.

What is Pay for Success?

Pay for Success is a tool 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). PFS projects are best-suited for programs that serve a clearly defined population, aim to improve specific outcomes, are resourced with the support and data necessary to prove success, and have been rigorously evaluated for effectiveness. In PFS projects, third party funding is often used to bridge the timing gap between government payments and the upfront capital needed to implement the program.

Third Sector Background

Founded in 2011, Third Sector is a 501(c)3 organization that has worked with more 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. For more information about our project in higher education, contact Sarah Walton at swalton@thirdsectorcap.org.