Request for Information:
Pay for Success in Higher Education

Opportunity for college access and success service providers to inform a national cohort of Higher Education Systems

May 9, 2019

Webinar Objectives

- Outline the opportunity to leverage Pay for Success in higher education

- Clarify how collecting student support services information will shape PFS projects focused on improving student outcomes

- Review the Request for Information and answer questions about the project goals and vision

Agenda

Overview of Pay for Success

Leveraging Pay for Success in Higher Education

Case Study: Roca and Massachusetts Juvenile Justice PFS Initiative

Pay for Success in Higher Education Cohort Opportunity

Submission Logistics and Q&A

Introduction to Third Sector

Pay for Success in Higher Education Cohort Technical Assistance Team

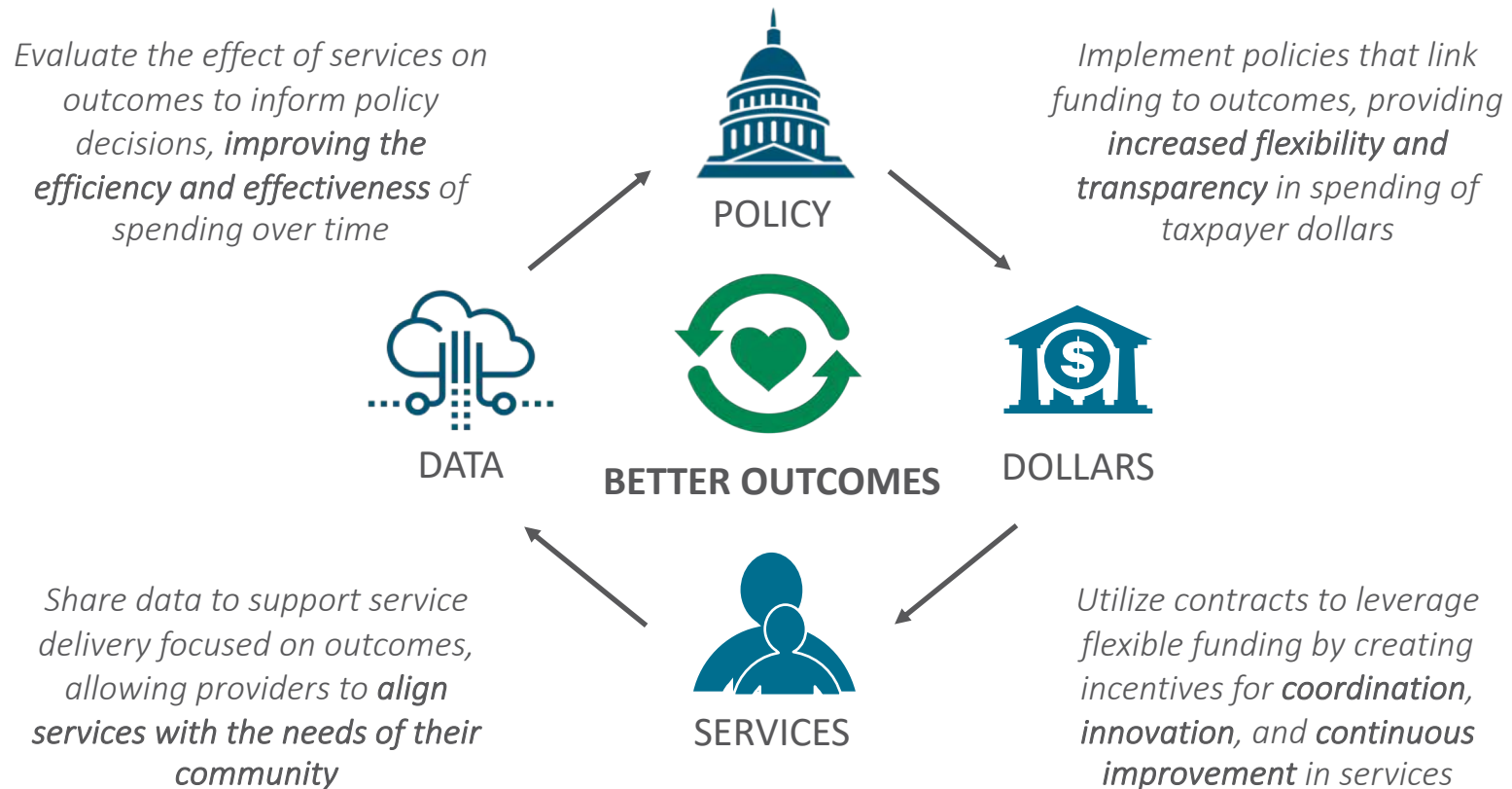**H. Kay Howard**
Director
Third Sector

Sarah Walton
Senior Associate
Third Sector

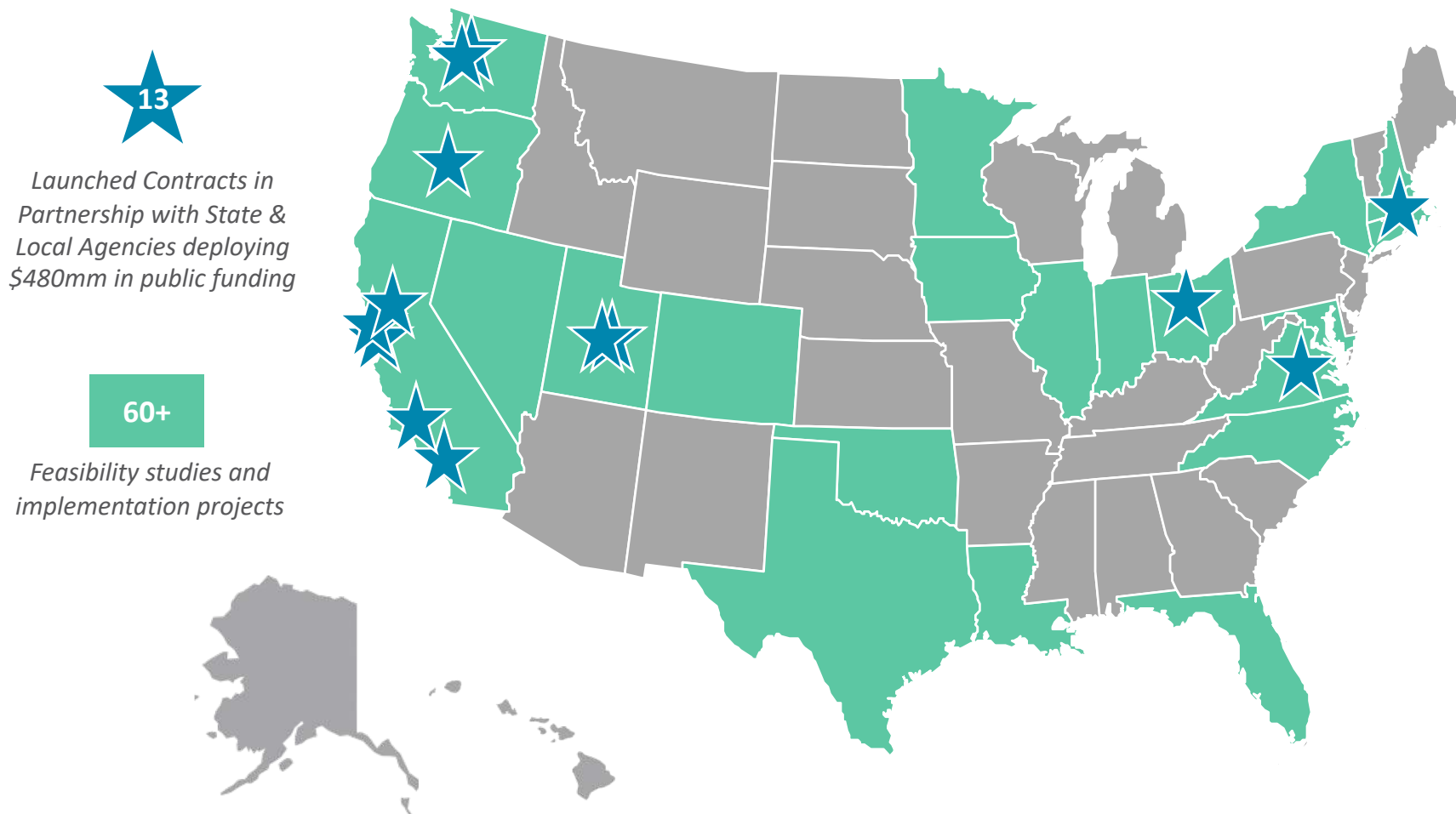**Joanna Kuang**
Associate
Third Sector

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

Anatomy of a Pay for Success (PFS) Project

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

POLICY

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

DATA

BETTER OUTCOMES

DOLLARS

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

SERVICES

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

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

THIRD SECTOR

A Pay for Success contracting approach can improve results across a broad range of issues

Third Sector Issue Areas

Workforce Development	Housing	Mental Health	**Higher Education**
Increasing job placement rate and wage growth for child welfare and justice-involved youth in Suffolk County, MA	Increasing housing stability and health for the most frequent users of jail and emergency services in Los Angeles County, CA	Decreasing response times from two weeks to same day for people experiencing mental health in King County, WA	**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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In 2017, uAspire explored Pay for Success through a Kresge Foundation-funded feasibility study with Third Sector

 u•aspire

Mission: uAspire is a nonprofit organization ensuring that all young people have the financial information and resources necessary to find an affordable path to and through college

THE NEED: Increased enrollment at public higher education institutions in Massachusetts
Heightened pressure to increase enrollment as the overall population, particularly those from Massachusetts, declined at state institutions.

THE SOLUTION: uAspire's Virtual Text Messaging Support: Summer College Connect and Succeed
Given the proven impact of text message 'nudging' and the institutional demand for student matriculation, persistence, and graduation, uAspire saw the opportunity for a PFS project that could:
1) Increase Pell Grant funding to Massachusetts public colleges and universities
2) Scale uAspire's services and outcomes (matriculation, persistence and graduation) to students who need them most.

"PFS provides the opportunity to engage in meaningful systems-change work to drive funding – particularly public sector funding – toward proven programming that results in measurable outcomes." – uAspire, 2017

The opportunity to use PFS in higher education has been informed by insights and recommendations offered from providers

uAspire's Feasibility Identified Enabling and Prohibitive Factors for PFS in Higher Education

In close partnership with uAspire, interviews with leaders in the Higher Education Space, including two-year and four-year institutions in Massachusetts and other student support service providers, 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 providing services informed by 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 and a source of sustainable public funding for providers
Squeezed budgets	Current HEI budgets are already limited, and to invest in additional services (even with long-range benefits) would require additional financial support or innovative financing

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

The analysis determined there is a pathway for PFS to improve student outcomes through college access and student support services

The PFS in Higher Education Cohort Builds Upon Conclusions from uAspire's Feasibility

PFS in Higher Education

Third Sector's analysis from the uAspire feasibility assessment surfaced three specific recommendations for organizations interested in exploring PFS as a method for improving long-term outcomes in higher education for disadvantaged students.

- Identify jurisdictions ready for PFS

- Equip higher education institutions with the tools and guidance necessary to pursue PFS

- Conduct PFS pilot projects

Provider Role

The opportunity for college access and success providers to contribute to the cohort achieves two goals and makes progress on initial recommendations
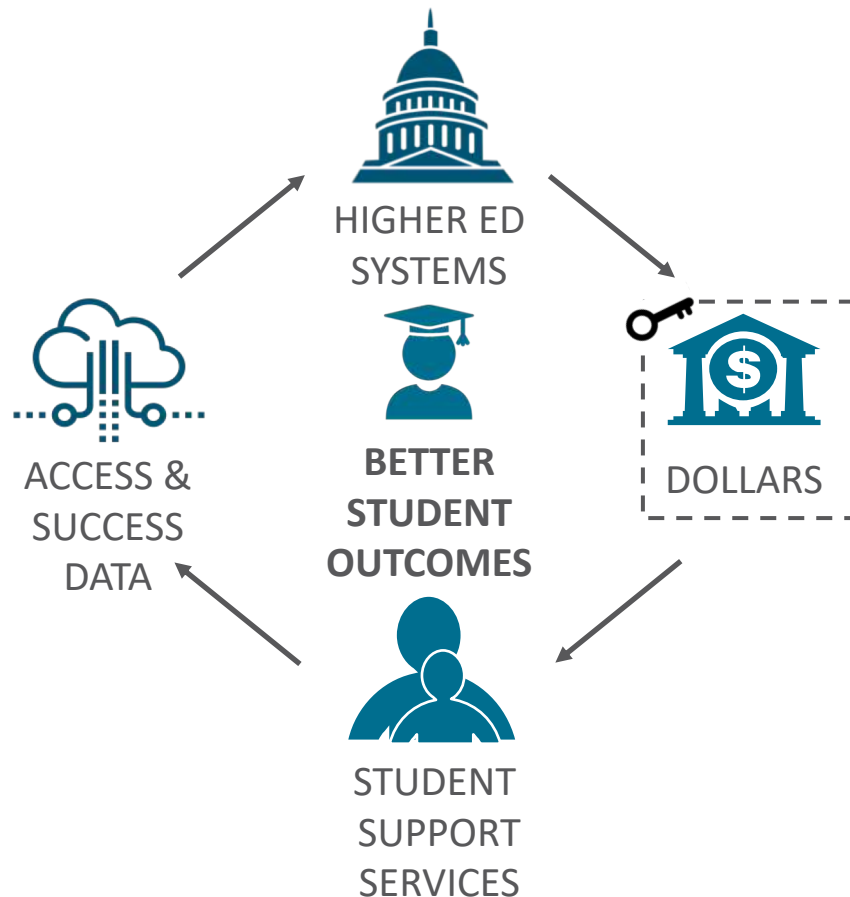
1 **Furthers advocacy around state systems investing in student support services**

2 **Strengthens the business case for state systems to invest in student support services**

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

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

ACCESS & SUCCESS DATA

HIGHER ED SYSTEMS

BETTER STUDENT OUTCOMES

DOLLARS

STUDENT SUPPORT SERVICES
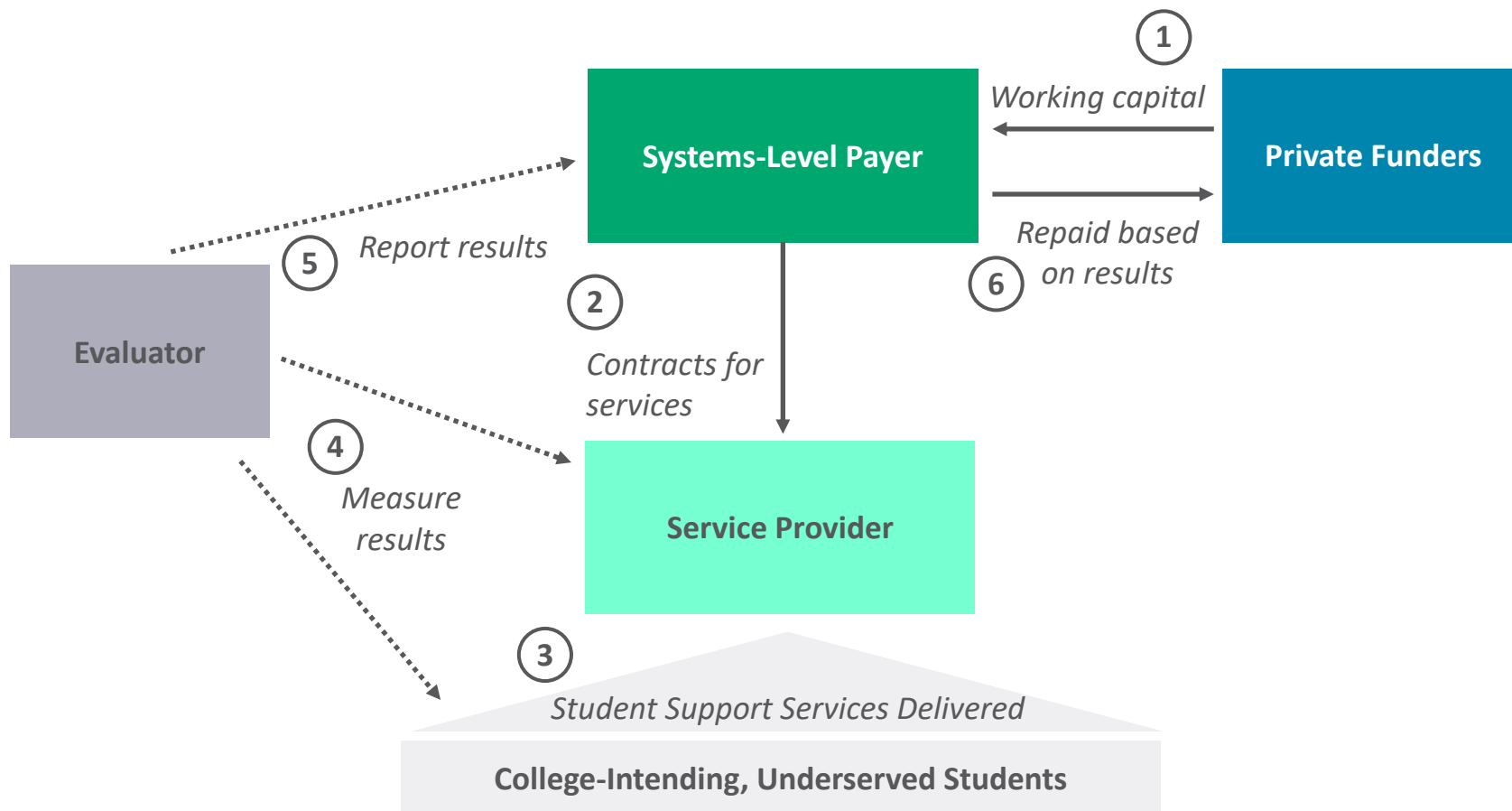
Pay for Success (PFS)

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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The Massachusetts Juvenile Justice PFS Initiative scaled Roca's services to transform the lives of high-risk justice-involved young men

Roca's mission is to disrupt the cycle of incarceration and poverty by helping young people transform their lives.

When young people are reengaged through positive, relentless, and intensive relationships, they gain competencies in life skills, education and employment and move toward economic independence and living out of harm's way

2 Years: Intensive Services		2 Years: Follow Up
Engagement	Behavioral Change	Sustainable Employment

"When I first came to Roca, I didn't want to work. Along the way, they helped me figure out how to listen to my supervisors and they helped me gain the skills I needed to get a good job. Work isn't easy but I stick with it. I've come too far to quit now." — Nate Bing, Roca Participant

Third Sector worked with the Commonwealth to focus social services on measurable, long-term outcomes for previously underserved young men

Shift to Outcomes Contracting in MA through a Pay for Success Contract with Roca

Status Quo Approach	Pay for Success Approach
Policy promotes cost-reimbursement for services delivered or individuals served without incentives for coordination, innovation, or scale	The Commonwealth of Massachusetts and Roca aligned around innovations that aim to **cater to and coordinate to reach underserved populations**
State dollars reimbursed Roca for costs instead of measurable outcomes	Dollars **rewarded Roca and investors** for reducing days of incarceration and increasing job readiness/employment
Services not being provided for the population most at risk of recidivating	Roca launched "**intensive and relentless" services** for ~1,000 young men at high risk of recidivating
Data was used for monitoring instead of surfacing new insights or identifying problems in the system	Outcomes data was collected and **shared between three sources** to support **continuous improvement**

Roca was actively engaged throughout the key decisions made in structuring the Pay for Success contract

Roca's Input Was Crucial to Structure the Pay for Success Contract

Pay for Success Approach

The Commonwealth of Massachusetts and Roca aligned around innovations that aim to **cater to and coordinate to reach underserved populations**

Dollars **rewarded Roca** for reducing days of incarceration and increasing job readiness and employment

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Roca Input and Key Decision Points

Roca was actively engaged in all contract conversations with key government stakeholders. Now, six years into the contract, Roca continues to meet weekly with the Commonwealth, monthly with funders and the evaluator, and quarterly with data and referral partners.

- **Funding:** $16M in upfront financing raised from philanthropy/investors; up to $28M for outcomes
- **Policy:** Outcomes payment pool set aside, changing appropriations norms

- **Population:** Scaled service reach to more men and more referral partners
- **Services:** Cognitive behavioral therapy and intensive relationship-based case management

- **Outcomes:** Selected meaningful outcomes that Roca had an established track record of already achieving for this population
- **Data:** Roca collected individual level job readiness data and sought administrative employment and incarceration data from the state

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Third Sector is building a national cohort exploring PFS in higher education, beginning with technical assistance provided to Higher Ed systems

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 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, 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.

The goal of building a national cohort of stakeholders to workshop PFS in higher education is to develop pilot projects

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 providers, 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.

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	**Service Provider** Access and Success Providers	**Private Funders** Philanthropy and/or Investors
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	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	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

Through the RFI, providers have the opportunity to share information as a first step to landscaping available college access and support services

Opportunity for For-Profit and Non-Profit Student Support Service Providers

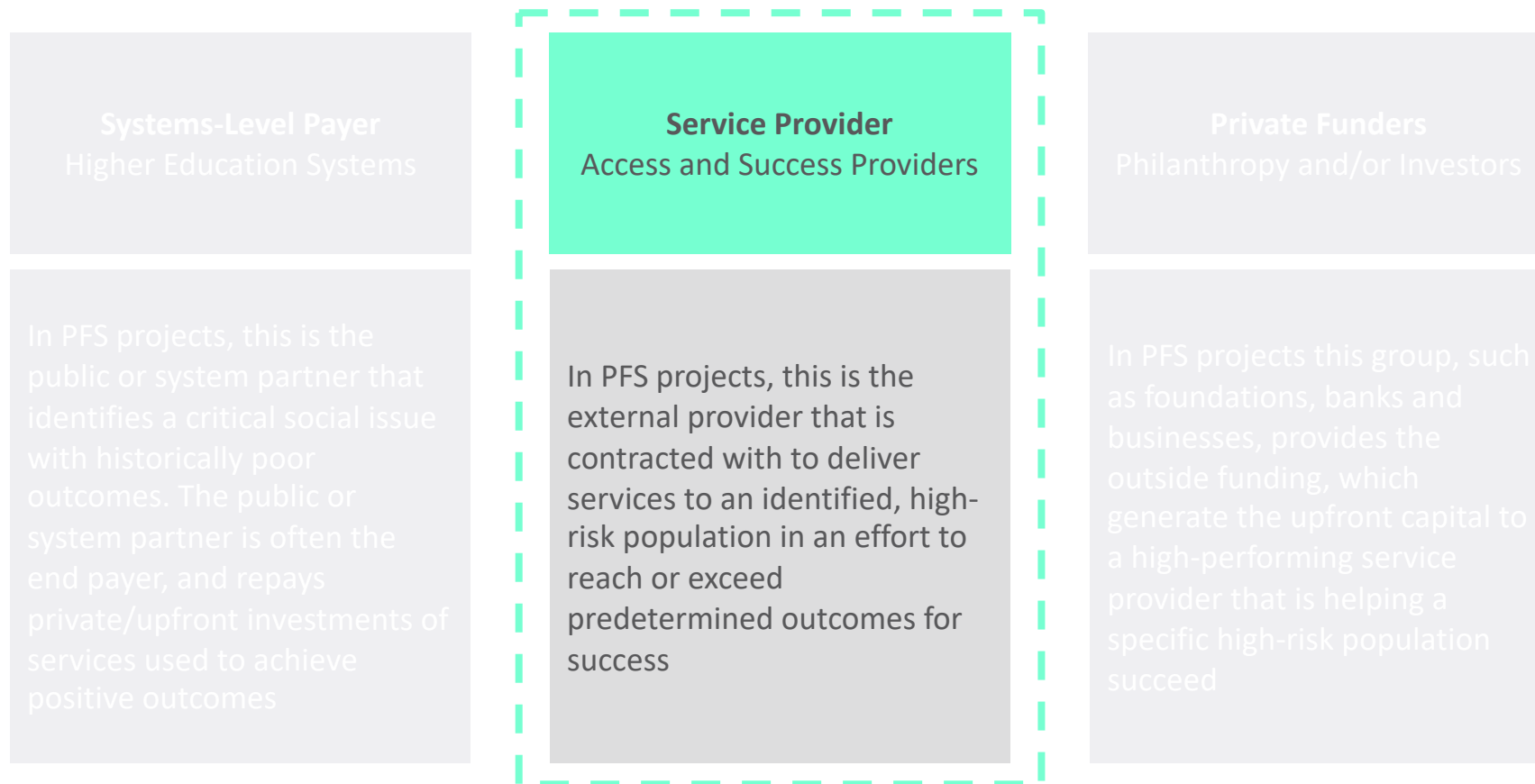| Systems-Level Payer	Service Provider	Private Funders
Higher Education Systems	Access and Success Providers	Philanthropy and/or Investors
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Core to this vision is the deep expertise service providers bring in understanding what drives student success

This Request for Information is a first step of deep engagement with states and state systems of higher education to develop PFS pilot projects

Responses to the RFI will be included in a comprehensive landscape assessment, used to inform the cohort and shared with the Kresge Foundation. Completing the RFI should take three to five hours and has the following potential benefits:

- National exposure and visibility to potential funders of student support services
- Access to information and insights collected during the landscape assessment
- Opportunity to shape the broader field about effective service models
- Develop organizational capacities to navigate sustainable funding pathways
- Build key relationships with states preparing to launch pilot projects
- Inform how policy goals can more closely align to student needs
- Learn from peer provider organizations

Providers that submit to this RFI may have the opportunity to engage directly with the cohort of Higher Education Systems that begin technical assistance and influence how pilot projects develop.

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

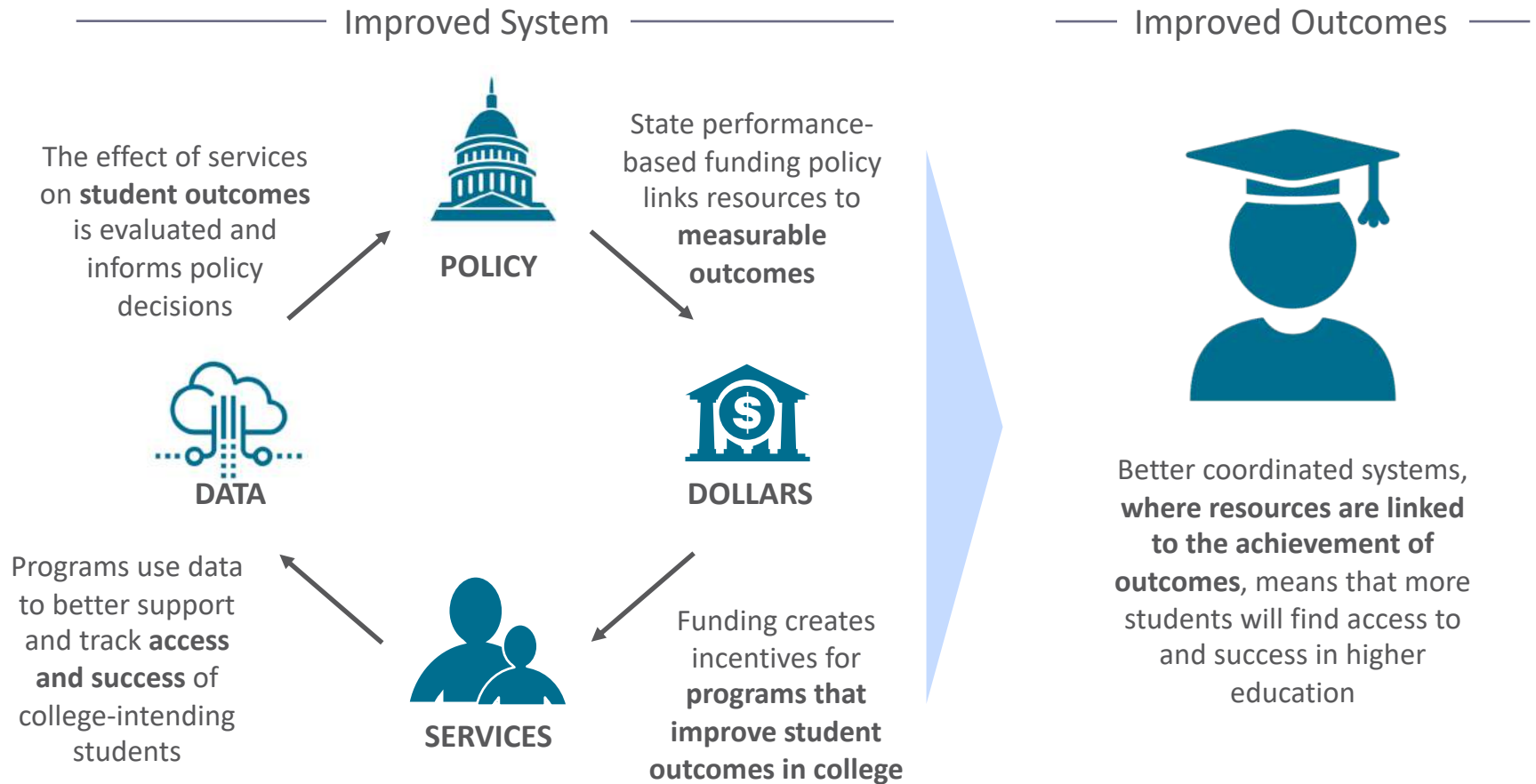## 2017-2019 Empowering Families

2019 PFS in Higher Education National Cohort

States and systems of higher education will be selected, with future provider engagement opportunities

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

A System to Continuously Improve Outcomes for Underserved Students

Improved System — Improved Outcomes

POLICY

The effect of services on **student outcomes** is evaluated and informs policy decisions

State performance-based funding policy links resources to **measurable outcomes**

DOLLARS

DATA

Programs use data to better support and track **access and success** of college-intending students

Funding creates incentives for **programs that improve student outcomes in college**

SERVICES

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

THIRD SECTOR

Providers will submit initial information on six key workstreams, which will be used to understand PFS feasibility and shape pilot projects

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 outcome 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*

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All Requests for Information are due Friday, May 31 by 5:00 p.m. EST

How to Submit and Key Dates

Pay for Success in Higher Education National Cohort Provider Opportunity	
April 25, 2019	Third Sector releases the **Request for Information** description
May 9, 2019	**Informational webinar** for interested providers from 2:00 - 3:00 p.m. EST. *Additional questions must be submitted via email by May 24*
May 15, 2019	Informational webinar posted to Third Sector's website
May 31, 2019	**Submit Request for Information by 5:00 p.m. EST by Google Form**
June 2019	Complete full review of information submitted by providers and conducts follow up calls, as needed
July-October, 2019	Select providers to support key states in developing pilot projects

Providers that submit to this RFI may have the opportunity to engage directly with the cohort of Higher Education Systems that will begin six months of technical assistance in June 2019.
We expect provider participation will be leveraged in the cohort between July - December 2019.

Questions and Answers

Q&A Time and Next Steps

1. How do I submit additional questions to Third Sector?
   - Providers may submit additional questions to Third Sector by emailing Sarah Walton, swalton@thirdsectorcap.org, by May 24.

2. How can I access this webinar and other materials relevant to Third Sector's provider 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?
   - Third Sector is accepting RFIs through this Google Form to inform and shape how public funding is tied to student matriculation, persistence, and graduation outcomes.

Link to Provider Request for Information: https://docs.google.com/forms/d/e/1FAIpQLScBV2XRg6_xanQPM7BKWlm0QqeeO-aS5707cjgA2j-4LJfTKQ/viewform

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