Leveraging government funds to “Pay for Success”

Secretaries’ Innovation Group

December 4-5, 2019
Washington D.C.
Session Objectives

• Better understand the SIPPRA $100mm federal grant opportunity

• Clarify what it means to have an “Outcomes Orientation”

• Share an example of how another community applied an Outcomes Orientation

• Address your questions
Agenda

*Overview of SIPPRA & Outcomes - Orientation*

Case Study

Requirements for the SIPPRA Outcomes Funding Opportunity

Questions & Discussion
Third Sector works with communities to implement systems change by linking government funding to outcomes achievement

Third Sector Overview

Consulting Engagements
Community-level changes to improve societal outcomes

Launched Outcomes Contracts
Self-sustaining efforts with government end payments

$806 Million in public funding deployed via outcomes contracts since 2011

Profile: Founded in 2011, we are a non-profit advisory organization with +50 staff members

Goals: Leaders entrusted to invest public funds will have the systems, tools, & data to do more and do better

Areas: Intergenerational poverty, workforce & education, housing, reentry, and physical/mental health
The outcomes movement advanced policy changes that enabled +$1 billion

**Policy Innovation for Outcomes**

CNCS
AWARDS 1st SOCIAL INNOVATION FUND GRANTS

DOL WIOA
WORKFORCE INNOVATION FUNDS SECURED

DOL WIOA
PAY FOR PERFORMANCE PROVISIONS AUTHORIZED

EVIDENCE-BASED POLICYMAKING COMMISSION ACT PASSES

BIPARTISAN BUDGET ACT (2018)
CHAMPIONS OUTCOMES- AND EVIDENCE-BASED POLICY

$200mm
Pay for Success Projects via SIPPRA & MIECHV

$350mm
Pay for Success Projects via ESSA

$700mm
Pay for Performance Projects via WIOA & SIF

$25mm
For Innovative Workforce Programs

$360mm
For Scaling Innovation


Source: America Forward
SIPPRA is the latest opportunity to accelerate your agency’s coordination of public resources to improve specific outcomes.

Social Impact Partnership & Results Act (SIPPRA)
$100mm fund for “outcome payments” & technical assistance grants

Next Grant (Round #2): $10mm NOFA to be released in 2020
To receive 3-9 months of T.A. to design an Outcomes Implementation Plan

Requirements
- Applicant must be State or local government entity
- Scale an evidence-based program with public resources
- Validate program impact with outcomes from admin. datasets (see appendix)
- Assess “Federal value”\(^{(1)}\) as a result of program impact

(1) Federal Value defined as increased tax revenue and/or decreased Federal expenditure.
SIPPRA is one of the first federal efforts across various agencies to support states & local governments transition toward an outcomes orientation

**1. 2018 Bipartisan Budget Act asked for $300mm to support outcomes oriented efforts**

**2. $100mm appropriated to Treasury sets a precedent to manage & assess future funds**

**3. 11 federal agencies currently involved in an inter-agency council to review projects**

**4. Various incentives to share & integrate data to learn & continuously improve**
### SIPPRA “Shovel Ready” Round 1 proposals under final review for 2020 awards

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Population</th>
<th>Program</th>
<th>Outcomes</th>
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<tbody>
<tr>
<td>Anchorage, AK</td>
<td>Homeless adults cycling through corrections/crisis svcs</td>
<td>Housing First Permanent Supportive Housing</td>
<td>➣ Recidivism</td>
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<td></td>
<td></td>
<td></td>
<td>➢ Housing stability</td>
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<td>➢ Mental, emotional, &amp; behavioral health</td>
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<tr>
<td>Denver, CO</td>
<td>Homeless individuals with an extensive arrest history</td>
<td>Supportive housing, assertive community treatment (ACT) and case management</td>
<td>➢ Housing stability &amp; health services</td>
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<td></td>
<td></td>
<td></td>
<td>➣ Visits to detox. centers and ER visits</td>
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<td>➣ Arrests and jail days</td>
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<td>Marion / Lake County, IN</td>
<td>Mothers living in poverty with highest likelihood of poor birth outcomes</td>
<td>Home visiting case management</td>
<td>➢ Healthy birth spacing</td>
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<td></td>
<td></td>
<td>➢ Immunization rates</td>
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<tr>
<td></td>
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<td>➣ Child injury</td>
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<tr>
<td>NYC, NY</td>
<td>Youth at a high risk for involvement in gun violence</td>
<td>Conflict resolution &amp; behavior change</td>
<td>➣ Medicaid utilization</td>
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<td>➣ Shootings, victimization</td>
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<td>State of NY</td>
<td>Low income individuals on SNAP/TANF/ HEAP</td>
<td>Clean energy job training and support services</td>
<td>➢ Earnings and employment</td>
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<td></td>
<td>➢ Training program/certification</td>
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<td>➣ Utilization of government assistance</td>
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<td>Tulsa County, OK</td>
<td>Justice-involved adult females with substance use disorders</td>
<td>Gender-specific comprehensive support and wrap-around services</td>
<td>➢ Employment</td>
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<td></td>
<td></td>
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<td>➣ Foster care involvement &amp; recidivism</td>
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<td>➢ Well-being &amp; 2-Gen outcomes</td>
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<tr>
<td>Ventura County, CA</td>
<td>Homeless individuals with frequent, high-cost use of svcs</td>
<td>Permanent Supportive Housing</td>
<td>➢ Housing stability</td>
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<td></td>
<td></td>
<td></td>
<td>➢ Mental, emotional, &amp; behavioral health</td>
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<tr>
<td>Spartanburg, SC</td>
<td>Children, prenatal through age 5</td>
<td>Home visiting case management</td>
<td>➣ NICU admissions &amp; infant ER visits</td>
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<td></td>
<td></td>
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<td>➣ Child maltreatment (substantiated)</td>
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</table>
Success for the communities you work with can be focused on “outcomes” to ensure sustained improvements over time.

**Definitions**

- **Inputs**: Resources used to deliver a program
- **Outputs**: Key activities resulting from a program
- **Short-Term Outcomes**: Changes *during or upon completion* of a program
- **Long-Term Outcomes**: Persistent changes resulting *after* program completion

**Sample Impact Metrics**

- Staff
- Overhead
- Program enrollment
- Length of service
- Foster care avoidance
- High school equivalency
- Sustained employment
- Stable housing
- Wage increase over time
- ER avoidance
Establishing an implementation plan with an “Outcomes Orientation” will help transition your state toward a pay for results funding model.

<table>
<thead>
<tr>
<th>Traditional Funding</th>
<th>Outcomes-Oriented Funding</th>
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<tr>
<td><strong>Dollars Impact</strong></td>
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<tr>
<td>Cost-reimbursement ties payments to headcount</td>
<td>Payment for achieved outcomes ensure accountability &amp; sustainability</td>
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<tr>
<td><strong>Service Approach</strong></td>
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<tr>
<td>Funding restrictions enforce silos &amp; minimize program adaptivity</td>
<td>Flexibility in funding facilitates human-centered design and holistic services</td>
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<tr>
<td><strong>Data Usage</strong></td>
<td></td>
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<tr>
<td>Data is used for monitoring, compliance, and quality assurance</td>
<td>Ongoing data integration &amp; review with staff enable continuous learning</td>
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<tr>
<td><strong>Policy Implementation</strong></td>
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<tr>
<td>Policy-making is driven by budget-size with limited insight on impact</td>
<td>Proven impact allows for greater policy innovation and investment in results</td>
</tr>
</tbody>
</table>
An implementation plan will strive to operationalize an Outcomes Orientation

- Evaluate services outcomes to inform policy decisions
- Implement policies that link funding to outcomes
- Leverage flexible funding that break service silos
- Share data to align services with needs of the community

Stakeholder engagement  Measurable goals  Continuous improvement
All components of an Outcomes Implementation Plan require committed stakeholder buy-in on the vision for systems change.

- **Stakeholder Engagement**: Requires close collaboration with a community of agencies, providers, and service recipients.

- **Measurable Goals**: Agencies & providers identify outcomes to collectively achieve for a defined population with a specific program.

- **Continuous improvement**: Agencies & providers will access & learn from data, innovate, and improve outcomes.

**Impact Metrics**: Agencies & providers measure outcomes progress using quantifiable metrics.

**Data & Evaluation**: Agencies & providers collect & share data on Impact Metrics to ensure accountability.

**Resource Allocation**: Policies reward providers with financial & programmatic incentives.
Agenda

Overview of SIPPRA & Outcomes-Orientation

Case Study

Requirements for the SIPPRA Outcomes Funding Opportunity

Questions & Discussion
Massachusetts Department of Transitional Assistance (DTA) established new incentives to improve economic opportunity for young parents

Massachusetts Department of Transitional Assistance (MA DTA)

**Population:** ~550 pregnant or parenting young adults, ages 14-24, many of whom don’t have a HS diploma

**Services:** Various providers offer education, employment, and parenting programming

**Project Funding:** $30mm over 8 years via TANF

**Systems Change:** Strive to break the cycle of poverty by defining clear 2-gen outcomes with incentives to improve data sharing (to adapt services) & reward service providers

**Outcomes**

- Educational functioning level
- High school diploma or GED
- Enrollment in higher education or certificate program
- Personal and parenting goal attainment

**Impact**

**Baseline:** N/A. Year 1 of the pilot is the Baseline Year.

**Prelim results:** More participants than ever completed their high school equivalency & providers are collecting outcomes data for the first time (and reviewing with government)
DTA’s process was focused on stakeholder engagement in order to holistically identify opportunities for improvement & coordination.

The process was focused on Stakeholder Engagement & Outcomes Baseline Assessment

<table>
<thead>
<tr>
<th>Understanding of the Status Quo</th>
<th>“Workshopping” an Outcomes Orientation</th>
<th>Documenting Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Services and provider feedback</td>
<td>- Collectively define 2Gen outcome goals for the program</td>
<td>- Specific RFP Language and payment outcomes</td>
</tr>
<tr>
<td>- Data and reporting mechanisms</td>
<td>- Identify metrics that tie to outcomes goals and discourage “creaming”</td>
<td>- Explicit data sources and measurement tactics</td>
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<tr>
<td>- YPP’s historical results</td>
<td>- Improve data-sharing processes with partner agencies</td>
<td>- Pathway for creating provider feedback loops</td>
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<tr>
<td>- Enabling legislation setting enrollment &amp; outcomes payment rates</td>
<td>- Define processes for continuous improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Establish provider incentives for achieving outcomes goals</td>
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</tbody>
</table>

Program payments are tied to Parent Outcomes with a new process to track Child- and Family-Level Impact for program improvement.

**Parent Outcomes**

- 80% of payments for Education & Workforce Outcomes
- 20% of payments for Enrollments

**Enrollments**
- Defined as an enrollment or re-enrollment
- $3.6K per enrollment

**Education & Workforce Outcomes**
- Up to 80% payout based on any 4 outcomes achieved per individual:
  - Improved Educational Functioning Level (EFL)
  - Achievement of HiSET
  - Achievement of BEST PLUS
  - Completion of occupational certification
  - Completion of 12 college credits

  Each of the 4 outcomes is valued at $3.7K, or up to $14.7K per enrolled individual

**Child & Family Outcomes**

- Not used to determine payments

**Life & Personal Impact Metrics:** Various

**Parenting and Family Impact Metrics:** Various

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(1) Meet physical and behavioral health goals; Skills to manage stress and adversity; Financial management skills; and Stable living, housing, & transportation plan

(2) Increased knowledge of child development; Understand & meet child’s health, emotional, & learning needs; Established goals for child’s education; or Reliable network

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Agenda

Overview of SIPPRA & Outcomes-Orientation

Case Study

*Requirements for the SIPPRA Outcomes Funding Opportunity*

Questions & Discussion
Why submit an Outcomes Implementation Plan proposal for the upcoming $10mm NOFA from US Treasury?

**Goals for State/Local Government**

Leverage 3-9 months of Technical Assistance to:

- Better coordinate referrals / services for populations with unmet need
- Expand & scale an evidence-based program with a local track record of success
- Meaningfully improve specific outcomes by creating incentives (program or financial)
- Coordinate government & community partners

**TA is focused on proactive project management & stakeholder engagement that builds on the most viable scaling opportunities**
What does an Outcomes Implementation Plan entail?

Your staff and 2-4 Third Sector consultants jointly develop an implementation plan for:

- **Policy**: Convene stakeholders to define/measure outcomes, and improve data access & program coordination
- **Funding**: Determine contracting/public funder options to design a contract and process for continuous improvement
- **Services**: Evaluate outcome achievement track record and align it with population needs and government impact priorities
- **Data**: Select performance metrics & create a performance feedback loop between government and programs
A series of workshops over 3 months helped Massachusetts' stakeholders access and digest insights before prioritizing various factors

**Stakeholders**

- **DTA Leadership**: Office of the Commissioner & Procurement Staff
- **DTA Employment Services**: Leadership, Program staff, and Contract Managers
- **+20 service providers**: Staff specializing in coaching, goal-setting, and wrap-around support services; actively engaged community college partners

**Lessons learned for future planning meetings**

**Communication & Coordination**
- Talk to providers (and the rest of the system!) about upcoming changes early and often
- Plan ahead for process changes that need to be adapted (billing, data collection, etc.)

**Mindset Shift**
- Help each player in the system understand the role they play in contributing to outcomes achievement and develop ownership over that role

**Continuous Improvement**
- Be willing to adapt based on feedback, in the short-term and long-term
How will your agency know if it is ready to shift to an Outcomes Orientation?

You are a State / Local government...

... expanding (or renewing) an existing performance-based contract with a service provider
• Terms of that contract require outcomes reporting
• Alternatively, there already is a financial incentive for achieving outcomes

... expanding (or renewing) an existing multi-party service agreement contingent on outcomes
• Current or soon-to-launch Pay for Success efforts with private funding

... embedded in a community where extensive integration of outcomes is occurring (in silos)
• Implementers could include agency departments, universities, or data-driven organizations
• All should be seeking to partner in program implementation and outcome prioritization

... with committed leadership to change the “status quo”
• SIPPRA may be one of many way to build capacity or assess options for your agency/community
Readiness criteria for a SIPPRA Outcomes Implementation Plan proposal

Overview of key requirements

- **State/local government**: Identified staff to provide strategic direction, data & feedback, and ensure sustainability

- **Outcomes Expertise**: Intermediary (e.g., Third Sector) willing and able to support development of an Outcomes Implementation Plan

- **Evidence-Based Program**: Service provider to implement evidence-based services with strong likelihood to achieve 1 of 21 eligible outcomes (see appendix)\(^1\)

- **Outcomes Data Sharing and Federal Value**: Data infrastructure to validate program impact with administrative data sets for outcomes that yield “Federal value”\(^2\)

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(1) See Appendix for list of 21 eligible outcomes
(2) Defined as increase in Federal revenue and decrease in Federal expenditure
How can we ensure SIPPRA and other efforts for systems change deliver impact?

Third Sector Lessons Learned

- Define outcomes with communities, not for communities
- Move beyond outcomes measurement to outcomes management
- Shift the public sector to transform the social sector
- Outcomes Orientation is a vehicle to deliver on the promise of our government

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Next steps:
Questions your staff should consider for any outcomes oriented effort?

Which outcomes are highest priority to achieve?
Identify specific impact government is willing & able to pay for

Which population groups should be prioritize for an Outcomes Orientation?
Understand how the system can address a population’s barrier to self sufficiency (or unmet needs)

What data are currently available and what needs to be integrated?
Articulate “need” in terms of outcomes from state agencies and/or data partners

Which programs will be most effective at achieving desired outcomes?
Consider service providers, evidence-based models, and identification & referral processes

What funding is available to support the growing scale and sustainability of these efforts?
Identify alignment with state / federal funding and policy priorities
Outcomes management can be used for a number of purposes

**Impact metric uses**

- **Incentives**
- **Feedback**
- **Future learning**

**Purpose**

- Achievement is linked to either financial or non-financial incentives
- Real-time feedback helps stakeholders work together to improve performance
- Evaluation of metrics informs future program, funding, procurement, and/or policy decisions

**Considerations**

- Can the metrics be observed within the project window?
- Is it reasonable to expect services to improve this outcome for a given population?
- Can data be shared real-time?
- Do the metrics help stakeholders better manage to longer-term outcomes?
- Do capacity and resources to conduct ongoing evaluation of metrics exist?
- How will learnings be made actionable in the future?
SIPPRA proposals must assess one or more of the 21 listed outcomes

### U.S. DEPARTMENT OF THE TREASURY

| Education                  | • Improving high school graduation, including high school equivalency and GED / credential attainment  
|                           | • Improving the educational outcomes of special-needs or low-income students |
| Health & wellness         | • Improving birth outcomes and early childhood health and development  
|                           | • Reducing the utilization of ER and other high-cost care  
|                           | • Improving the health and well-being of those with mental, emotional, and behavioral health needs  
|                           | • Increasing the independence and employability of individuals who are physically or mentally disabled |
| Housing                   | • Reducing the rate of homelessness |
| Justice                   | • Reducing recidivism among juvenile offenders, individuals released from prison, or other high-risk populations |
| Parenting & families      | • Reducing teen and unplanned pregnancies  
|                           | • Increasing the proportion of children living in two-parent families  
|                           | • Reducing incidences & adverse consequences of child abuse and neglect  
|                           | • Reducing the # of children or youth in to foster care or non-family homes  
|                           | • Reducing the dependence of low-income families on Federal means-tested benefits |
| Workforce development     | • Increasing employment & earnings for individuals who are unemployed > 6 consecutive months and/or aged 16-25  
|                           | • Increasing employment among individuals receiving Federal disability benefits  
|                           | • Improving the employment & well-being of returning United States military members  
|                           | • Increasing the financial stability of low income families |
| Other                     | • Other measurable outcomes defined by the State/local government resulting in positive social outcomes & Federal savings |

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