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# Maximizing Impact Through Outcomes Contracting

Secretaries' Innovation Group

July 20, 2017

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# N. Virginia is using outcomes contracting to incentivize better workforce outcomes for foster care and justice-involved youth

## PRESENT



### Traditional Contracting

#### Periodic Enrollment



Under 10 FC and CJ youth enrolled per year

#### Ad Hoc Data Gathering



Outcomes not tracked for FC and CJ youth

#### Cost-Reimbursement



Provider reimbursed for time and materials

## FUTURE

### Innovative Outcomes Contracting



#### Coordination and Outreach



**100** FC and CJ youth served over 3 years

#### Outcomes Tracking



Employment and academic outcomes **tracked quarterly**

#### Performance Payments



Up to **\$150K** in payments for FC and CJ outcomes

# New workforce legislation incentivizes states to structure outcomes-oriented “P4P” contracts to achieve longer-term, high-bar outcomes

## Workforce Innovation and Opportunity Act (WIOA) P4P Provisions

### Traditional Performance-Based Contracting



Ties payments to **inputs** and **outputs** like job placement.

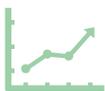


**2-year funding cycle** requires short contract periods; no time for course correction



Most workforce contracts are actually just **cost-reimbursement** with no link to performance at all.

### WIOA Pay-for-Performance



Payments tied to **long-term outcomes** like education attainment, wage growth and reduced recidivism.



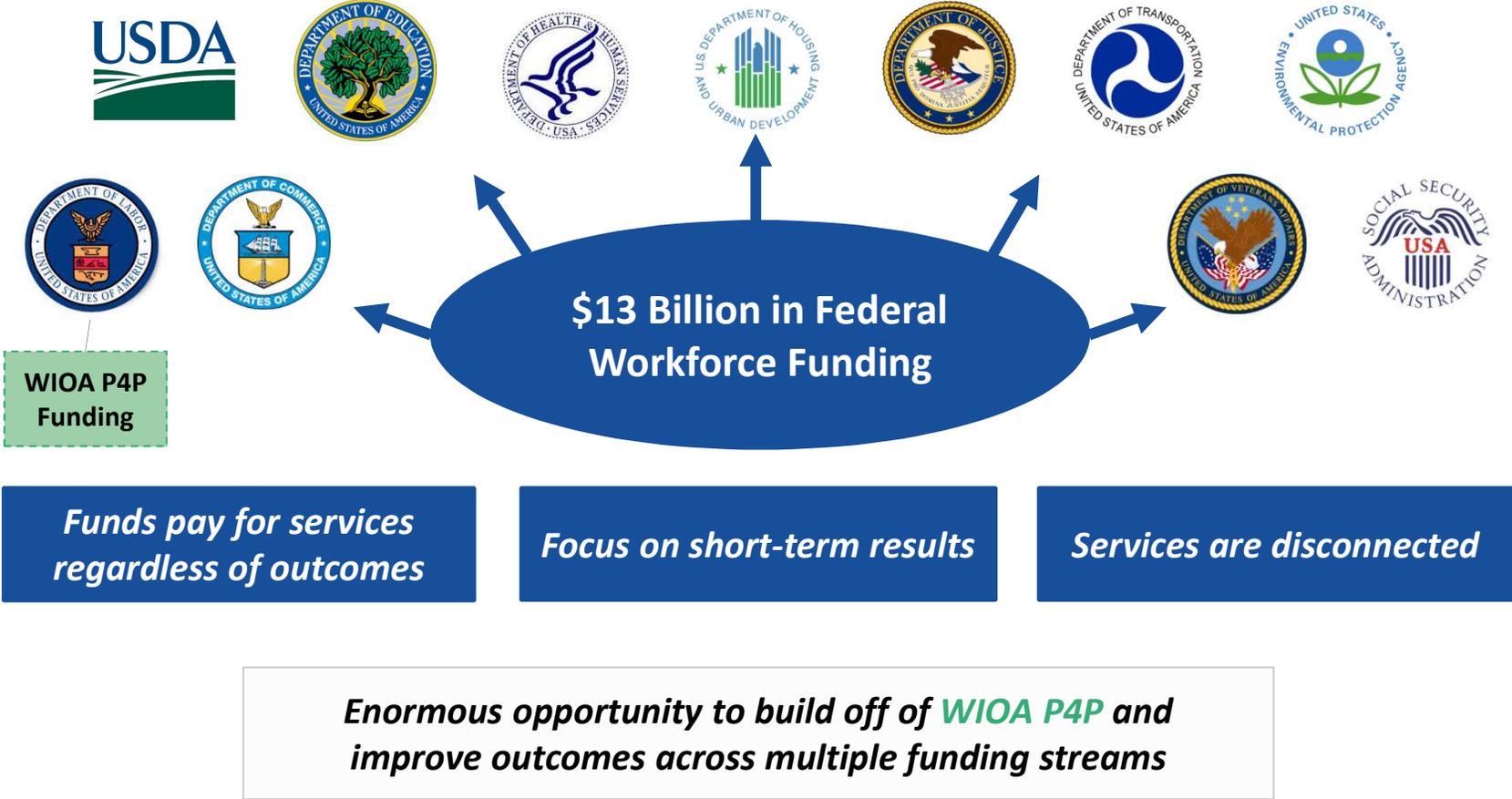
**10% “no-year” set-aside** of WIOA formula funds can be spent well beyond the 2-year funding cycle.



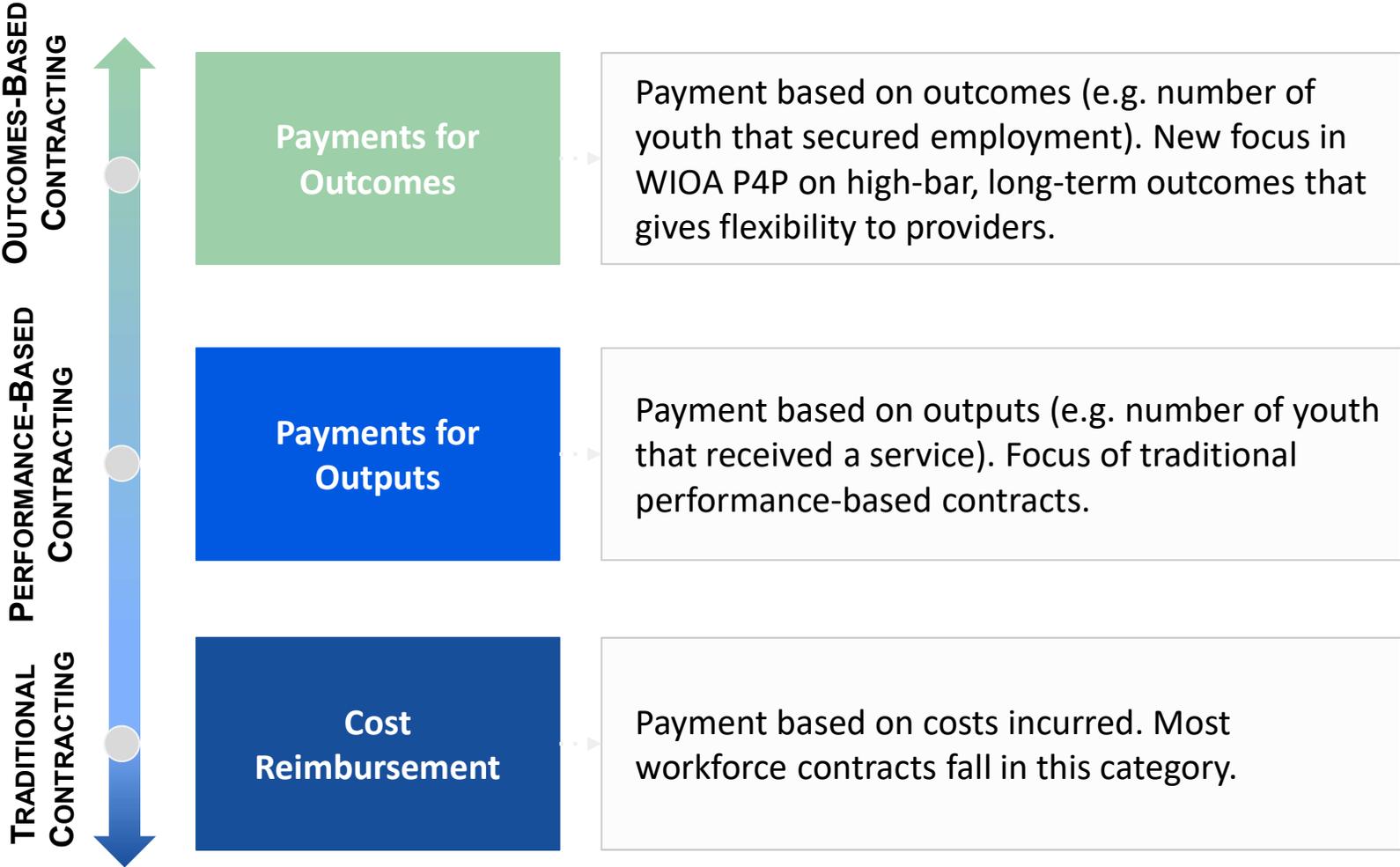
**P4P contracting strategy** required. Includes **evaluation**, 3<sup>rd</sup> party data checks, and project cost-modeling.

These funds are a fraction of more than \$13B in Federal funding spent annually on workforce programs across 11 agencies and 47 programs

Federal Funding Status Quo



# Paying for performance is a continuum of contracting methods



# Outcomes contracts work not only in workforce, but across human services

Issue Area	Intervention	Payment	Data Source
 <b>Recidivism</b>	Job training and support services	Reduction in jail bed days; increase in wages and employment	Justice and UI records
 <b>Homelessness</b>	Long-term stable housing and mental health services	Reduction in jail bed days, months of stay in permanent housing	Justice records, housing records
 <b>Foster Care</b>	Reconnecting caregivers with children in stable housing	Decreased days spent in foster care placement	Child welfare data
 <b>Workforce</b>	Training, job placement, and supportive services	Wage growth, reduced TANF and SNAP receipt	Tax records, UI, TANF, and SNAP data
 <b>Mental Health</b>	Community-based care and housing	Reduced use of emergency services/hospitalizations	Medicaid and hospital data

# What steps can states take to move towards an outcomes-orientation?

## Developing an Outcomes Orientation



**PROCUREMENT POWER:** Every procurement is an opportunity to align resources with results – use it! Outcomes payments can be part of a larger contracting strategy, and it is ok to start small.



**INVESTIGATE:** Get to know your service population, the interventions in your community and the data that tells you how they are doing.



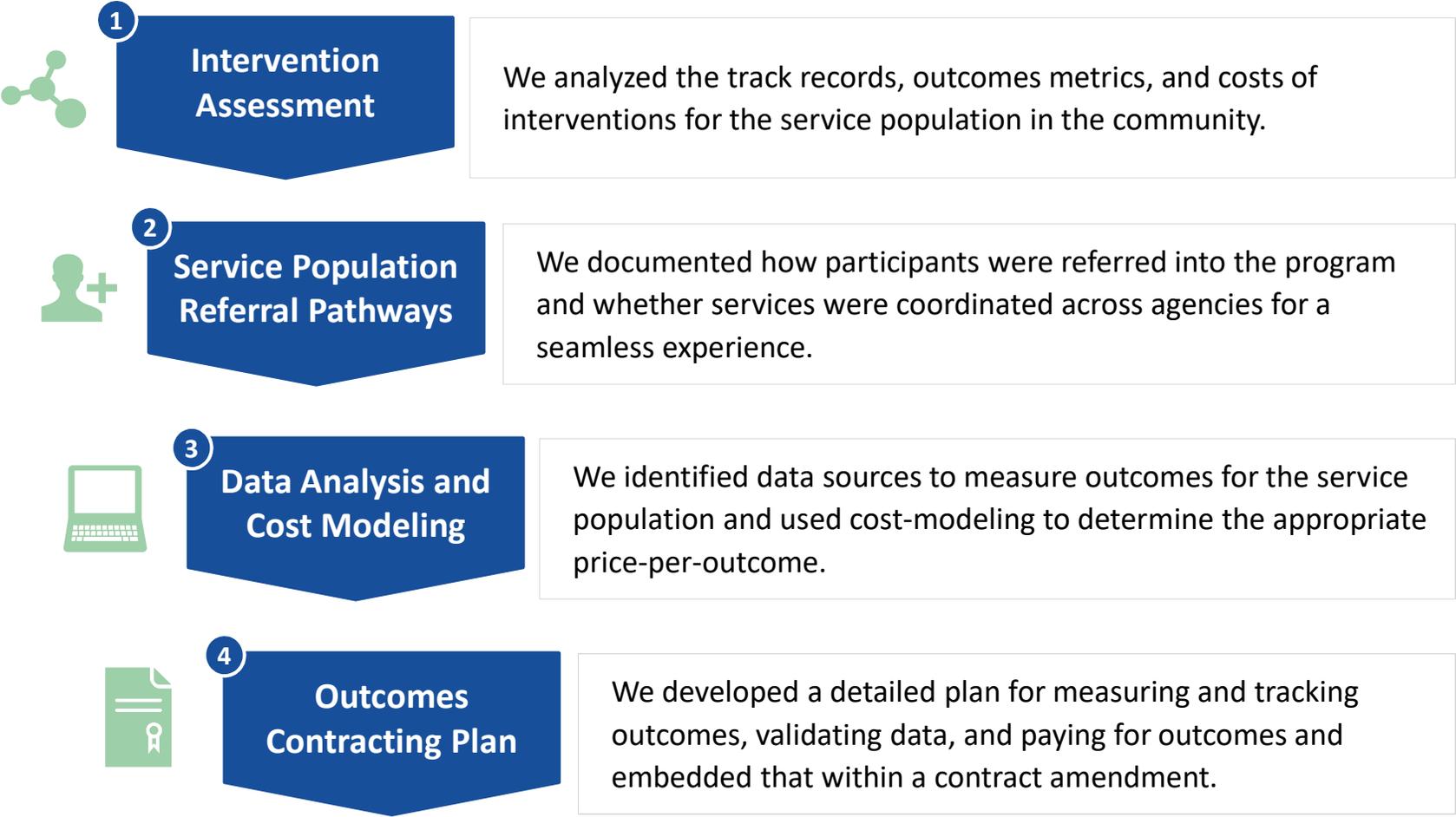
**LINK DATA:** Turn your data into actionable information by embedding it in contracts. Start small, building in governance policies that link data and share it with providers to enable learning over time.



**SEEK SUPPORT:** Increase your capacity and the time dedicated to outcomes-oriented contracting. Apply for our competitions!

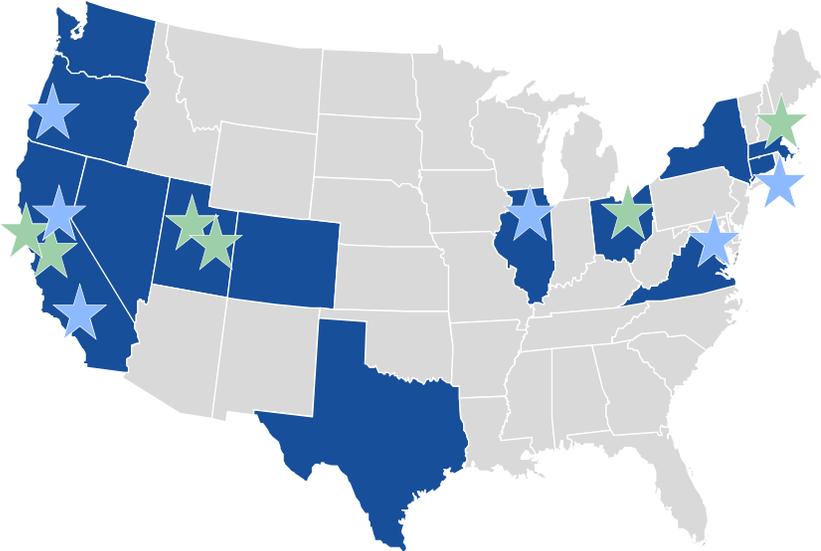
# How has Third Sector helped develop an outcomes-based contract to drive resources to effective programs across the U.S.?

We are implementers of outcomes based policy and contracts



To date, Third Sector has supported outcomes-oriented work in over 20 communities and driven over \$100M in public funding to new contracts

**Third Sector's Community-Level Engagements Since 2011**



**35+**

**Consulting Engagements**  
Community-level changes to improve societal outcomes

**6**

**Contracts in Development**  
Actively negotiating outcomes-based contracts & building necessary systems

**6**

**Launched Outcomes Contracts**  
Self sustaining efforts with government end-payments

*Third Sector currently has an open competition for 5 states interested in improving outcomes for Children and Families, and is prioritizing improving workforce and employment outcomes.*

## Contact Info

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**Caroline Whistler**

CEO & Co-Founder

401-258-1109

[cwhistler@thirdsectorcap.org](mailto:cwhistler@thirdsectorcap.org)



**John Grossman**

Managing Director & General Counsel

617-590-3367

[jgrossman@thirdsectorcap.org](mailto:jgrossman@thirdsectorcap.org)

## Disclosure

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**Third Sector Capital Partners, Inc.**  
**Boston • San Francisco • Washington, D.C.**  
**[info@thirdsectorcap.org](mailto:info@thirdsectorcap.org) | [www.thirdsectorcap.org](http://www.thirdsectorcap.org)**