Aligning Public Resources for Meaningful Employment Outcomes

Rise Together Opportunity Summit

April 20, 2018
Discuss how government agencies can achieve systemic change by using innovative contracts to align policy, dollars, data, and services around improved social outcomes.

Share how Third Sector puts this vision into practice using two examples of workforce development projects in California.

Discuss how government agencies can achieve systemic change by using innovative contracts to align policy, dollars, data, and services around improved social outcomes.

Purpose
Vision for an outcomes-oriented social sector

Implementation of an outcomes orientation

Contents
Programming for populations served by multiple funding streams

Enormous opportunity to align public resources with better outcomes and coordinate workforce initiatives $1 Billion in California Funds pay for services regardless of outcomes Focus on short-term results Services are disconnected

| Workforce Development | $400M for WIOA |
| California WIOA | Employment & Training |
| $130M for CalFresh | Employment & Training |
| $346M for Career & Technical Education | Employment & Training |
| $46M from FY 18 federal Carl D. Perkins CTE Improvement Act of 2006 | Employment & Training |
| $300M estimated from $900M funding over 3 years from 2015 California Career Technical Education Incentive Grant | Employment & Training |

Despite the best of intentions, $1B of public funding for key workforce initiatives in California is still not flowing to outcomes.
Anatomy of an Outcomes Orientation

Third Sector helps government agencies use innovative contracts to align policy, dollars, data, and services around improved social outcomes.

- BETTER OUTCOMES
- SERVICES
- DOLLARS

Utilize contracts to leverage service improvement, and continuous innovation, for coordination, flexible funding, by creating incentive for coordination, allowing providers to align services with the needs of their community.

- DATA

Share data to support service delivery focused on outcomes, allowing providers to deliver on outcomes focused on outcomes.

- POLICY

Evaluate the effect of services on outcomes to inform policy decisions, improving the efficiency and effectiveness of spending over time, providing increased flexibility and transparency in spending of taxpayer dollars.

- IMPROVEMENT IN SERVICES
Developing outcomes contracts with stakeholders through a collaborative process builds capacity for the community to scale their outcomes orientation.

Components of an Outcomes Contract

1. Outcome Goals
2. Performance Metrics
3. Continuous Improvement Process
4. Data Sharing & Evaluation
5. Incentive Structures

Outcomes contracts are created by a group of stakeholders and share common components focused on innovation rather than instruction.
Third Sector is on a mission to accelerate America’s transition to a performance-driven social sector.

$360 Million in public funding deployed via outcomes contracts since 2011

Consulting Engagements

60+

Launched Outcomes Contracts

10

Our clients in California have included:
- San Diego Workforce Partnership
- Los Angeles County Dept. of Mental Health
- Santa Cruz Human Services Dept.
- The County of Santa Clara
- Sonoma County Health Services Dept.
- Alameda County District Attorney’s Office
- California Dept. of Social Services

Third Sector’s Engagements

performance-driven social sector
Implementation of an outcomes orientation

Vision for an outcomes-oriented social sector

Contents
The California Department of Social Services (CDSS) was interested in orienting statewide subsidized employment programs towards outcomes. CDSS evaluates statewide performance data to improve services; CDSS uses integrated outcomes.

Counties use integrated outcomes to improve services.

Service providers contract subsidized employment services to counties and employers and build in incentives for continuous improvement.

Counties contract subsidized employment services to build in incentives for continuous improvement.

Wage growth over time, increased transfer to unsubsidized employment, increased employment placements, and increased subsidized services to those better outcomes:

Using all four drivers leads to these desired outcomes:

- Increased subsidized employment placements
- Increased transfer to unsubsidized employment
- Wage growth over time
- Increased employment placements

Data-driven insights inform policy decisions on subsidized employment allocations and regulations for spending funds.

Policy direction in spending TANF funds with a balance of flexibility and direction in spending TANF funds.

State policy provides counties outcomes.

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Outcomes-Oriented Toolkit for Subsidized Employment

Third Sector developed a set of tools to support counties and CDSS in implementing an outcomes orientation for subsidized employment.

**Policy**
- Policy & Administrative Challenges Brief
- Employment Funds Employed
- T-Paper on Innovative, Allowable Uses of Subsidized

**Dollars**
- Guidelines for Improving Employer/Intermediary Agreements

**Services**
- 1-pager on Partner best practices to enhance outcomes
- Charter document for a Working Group to create sustainable feedback loops between counties and with the state

**Data**
- Framework for Data-driven Decision Making

Outcomes-Oriented Toolkit for Subsidized Employment
Outcomes Orientation at Work for SDWP’s Opportunity Youth Program

San Diego Workforce Partnership (SDWP) fully operationalized an outcomes orientation by implementing an outcomes contract with hard-to-reach justice-involved youth population.

State (EDD, WDB) & Federal (DOL) agencies are using learnings from this project to shape guidance around P4P legislation. This provision in WIOA legislation authorizes flexible no-year money to be used for outcomes. Using all four drivers leads to these better outcomes:

- Increased educational & employment placements
- Increased earnings
- Reduced recidivism rate
- Increased educational & employment placements

Pay-for-Performance (P4P) provisions of the Workforce Innovation and Opportunity Act (WIOA) allow local workforce boards to structure contracts in ways that allow for longer timelines for interventions and payments based on longer-term outcomes.

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For more information, please visit Third Sector Capital Partners, Inc. at www.thirdsectorcapitalpartners.com.
Outcomes-Oriented Contract Design

SDWP based a portion of provider payments on clients' achievement of outcomes to encourage meaningful employment improvements.

**Part Outcomes-Oriented Contract Design**

- Independent Validation
  - Recidivism rate
  - Education rate
  - Employment / enrollment in post-sec

**P4P Contract:**
Service provider is incentivized to achieve long-term employment, education & recidivism outcomes via bonus payments

- P4P Bonus

**Fixed-Rate Performance Contract:**
Service provider is paid upon achievement of outputs and short-term WIOA measures

- Performance Payments
  - Youth served
  - Monthly progress
  - Placement in jobs or post-
  - Measurable skills gain

- WIOA Measures
  - Report
  - Youth served

- Outputs

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