



Third Sector Capital Partners, Inc. – Social Innovation Fund
Pay for Success (PFS) Competition: Workforce Development
Launching January 4th, 2016

- **Pay-for-performance (P4P)** is an innovative contracting model that drives government resources toward high-performing programs. These P4P contracts track the effectiveness of programs over time to ensure funding is directed toward programs that succeed in measurably improving the lives of people in most need.
- Pay-for-performance is a type of Pay for Success project/strategy that **changes the way government allocates and invests its resources**, providing the flexibility to leverage philanthropic, private dollars, and/or service provider self-financing to fund services up front. Government can also elect to provide the up front funding or utilize these external sources for partial up front funding. Government pays based on results generated by service providers.
- The **Workforce Innovation and Opportunity Act (WIOA) permanently establishes pay-for-performance as an eligible use** in all three of its funding streams (Adult, Youth, and Dislocated Workers), allowing states to use 15% of their total formula funds and authorizing local workforce boards to devote up to 10% of total funds toward pay-for-performance programming.¹

Through its Social Innovation Fund Pay for Success grant (description on next page), Third Sector is a nonprofit hosting a competition to select up to five government Sub-Recipients that are focused on using Pay for Performance and the new WIOA legislation to increase outcomes for youth (ages 14-24). Each agency will receive capacity building dollars and technical assistance services from Third Sector and partners to develop a blueprint for the construction of a pay-for-performance project.

Who Should Apply?

- **State Executive Offices, State Workforce Agencies, and Local Workforce Boards** (highly recommended in conjunction with State Executive Offices or Workforce Agencies) who demonstrate clear interest in pay-for-performance exploration through their WIOA implementation plans or other actions, including data access agreements to key administrative databases. State Education Agencies, TANF Agencies, and service providers are also encouraged to partner with applicants.
- Preference will be given to state-level applications and applications across multiple jurisdictions
- **Applications will be available January 2016, with letters of interest available in December 2015**

Issue Area: Youth Workforce Development

- This SIF-funded competition seeks to promote long-term outcomes in **Youth Development and Economic Opportunities**. These issue areas are also consistent with the priorities of the WIOA Youth Program: career exploration and guidance, support for educational attainment, opportunities for skills training in in-demand industries and occupations, and culminating in a good job along a career pathway or enrollment in post-secondary education. There is a particular interest in higher-risk individuals, including youth who are homeless, offenders in the juvenile or adult justice system, in foster care, out of school and unemployed, or in an out-of-home placement.

Timeline

December 7, 2015	Webinar for Potential Applicants; Letter of Interest Released
December 31, 2015 by 5:00 p.m. PST	Letter of Interest Forms Due (encouraged but not required)
January 4, 2016	Application Form and Application Guide Released
January 12, 2016	Webinar for Potential Applicants
February 19, 2016 by 5:00 p.m. PST	Applications Due
End of March 2016	Sub-Recipients Announced

For questions about the SIF Round 2 competition, please email SIFcompetition@thirdsectorcap.org.

¹ America Forward, WIOA and Pay for Success: http://www.americaforward.org/uploads/1/9/8/0/19801813/pay_for_success_in_wioa_overview_final_1.pdf



Competition Resource Organizations

For the competition, Third Sector is collaborating with leading national organizations that will assist in conducting outreach efforts, sharing lessons learned, and supporting technical assistance services. **Competition resources include: Abt Associates, America Forward, National Association of Counties, and National League of Cities.**

Why Apply?

The ultimate goal of this process is to enable jurisdictions to support the testing and scaling of high-impact, longer-term youth workforce development strategies, direct limited resources toward programs that work and build pathways to attract additional resources that will result in long-term improvements in employment and earnings.

All winners will receive up to \$200,000 worth of services from Third Sector for a 12 month engagement, based on the commitment to implementing performance driven contracts and the progress already made in assessing P4P feasibility. \$100,000 will be provided for the first 6 months of the engagement, at which point Sub-Recipients will participate in a midpoint check-in with Third Sector and SIF PFS Partners. Based on predetermined criteria on progress, between three and five Sub-Recipients will receive additional resources of up to \$100,000. Each jurisdiction will receive:

- **Intensive technical assistance** from Third Sector to conduct feasibility of an outcomes-based contract in youth workforce development, including some or all of the following services:
 - **Completed feasibility study** that responds to the criteria in the P4P readiness assessment with P4P project "blueprint" recommendations that outline and explain key next steps required for a P4P project.
 - **P4P contract implementation plan** including how governments will budget for, procure, execute, and fund P4P contracts.
 - **Evaluability assessment** to assess feasibility of a P4P evaluation or alternative models in terms of cost, practicality, statistical power/accuracy, and readiness.
 - **Cost-benefit analysis and support** to help applicants build the capacity to measure the outcomes and cost savings of proposed interventions.
 - **High-level integrated economic model** that incorporates target population data, outcome metrics, and cost-benefit analysis.
 - **Creation of funder interest groups** to promote interest in financing on-going P4P project construction needs and financing the P4P contract.
- Participation in a multi-state **learning community**, including presentations, convenings and training workshops by partners and networks to create scalable workforce development contract blueprints.
- **Possibility for flexible capacity dollars** to help cover costs of a decision-maker within the government jurisdiction to focus on pay-for-performance feasibility, as well as **professional development training** for budget, procurement, and data and evaluation staff.

Pending demonstration of project feasibility, Third Sector may also assist in seeking funding for project construction and may serve as a **transaction coordinator** to support jurisdictions to implement and finance proposed projects.

About the Social Innovation Fund

The [Social Innovation Fund](#) (SIF), a key White House initiative and program of the Corporation for National and Community Service (CNCS), combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States.

About Third Sector Capital Partners, Inc.

Third Sector Capital Partners, Inc. is a 501(c)3 nonprofit whose mission is to accelerate America's transition to a performance-driven social sector. Third Sector is a leading practitioner of Pay for Success in the U.S., working with governments, social service providers, funders, and other stakeholders to develop and launch performance-based projects. Third Sector has received a three-year, \$1.9 million grant award as part of the Social Innovation Fund's (SIF) inaugural Pay for Success grant program. The award will be matched by in-kind and cash match funding from Sub-Recipients and external funders. To learn more about its services and active projects, visit: www.thirdsectorcap.org.