



Shifting the Poverty Paradigm-Moving to Results that Matter

2019 TANF Directors' National Meeting

September 18, 2019

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Today's Presenters



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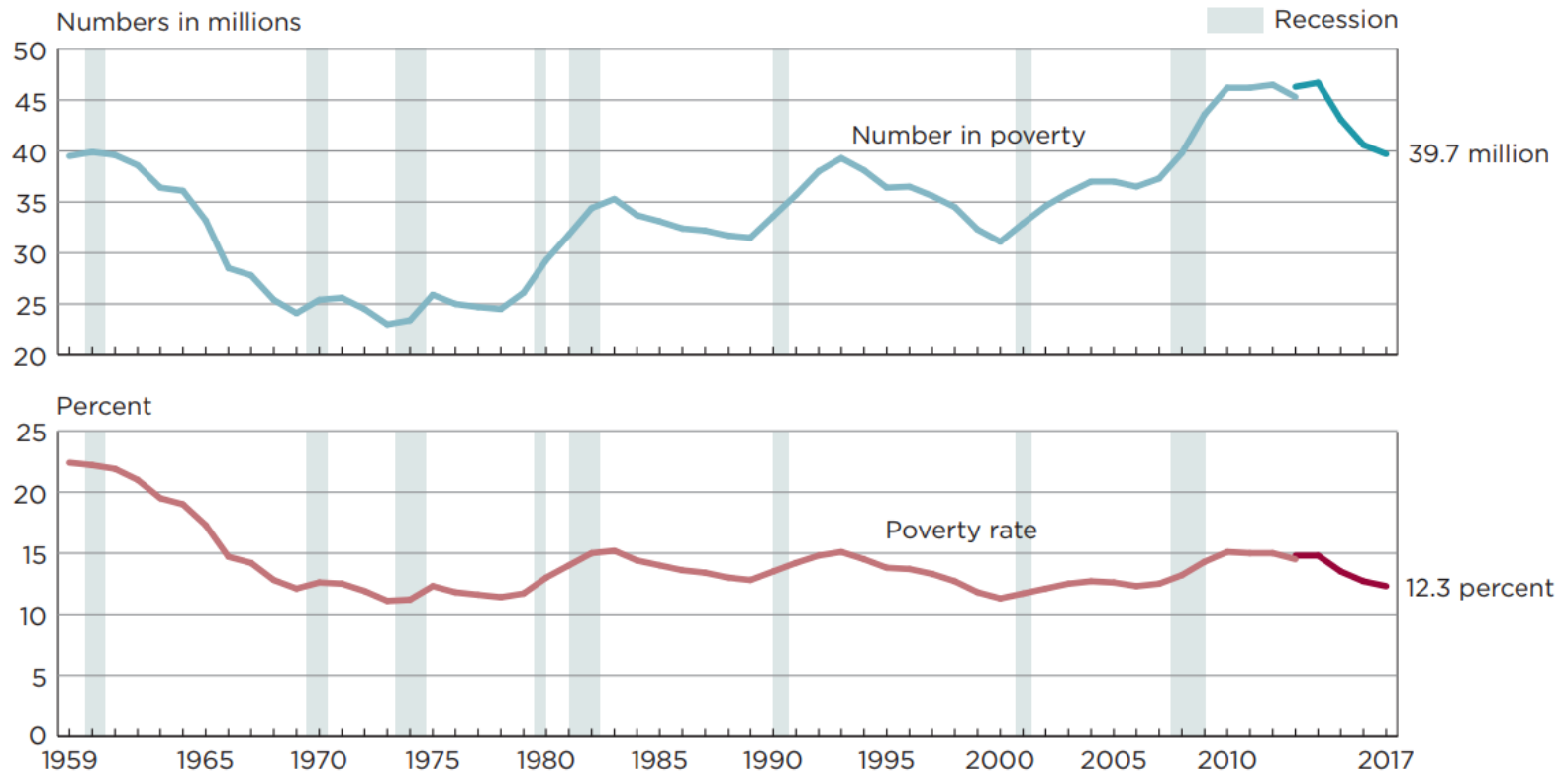
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Goals of Today's Session

- Introduce outcome-oriented approaches for TANF-funded employment and training programs and share examples from CO and MA
- Examine a case study from the Washington Department of Children, Youth, and Families
- Highlight the role of philanthropy to accelerate communities' shift to an outcomes orientation
- Identify opportunities for agencies to implement an outcomes-oriented approach in their own communities

Despite low unemployment and a booming economy, the poverty rate in the U.S. has remained relatively stagnant for over 40 years

Number in Poverty and Poverty Rate: 1959 to 2017



Note: The data for 2013 and beyond reflect the implementation of the redesigned income questions. The data points are placed at the midpoints of the respective years. For information on recessions, see Appendix A. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar18.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2018 Annual Social and Economic Supplements.

In examining their baseline data, the Massachusetts Department of Transitional Assistance (DTA) realized outcomes were falling short

Massachusetts DTA

The Challenge

45% of adults who received economic assistance under the Massachusetts Transitional Aid to Families with Dependent Children (TAFDC) program in January 2018 had grown up in families that also depended on TAFDC.

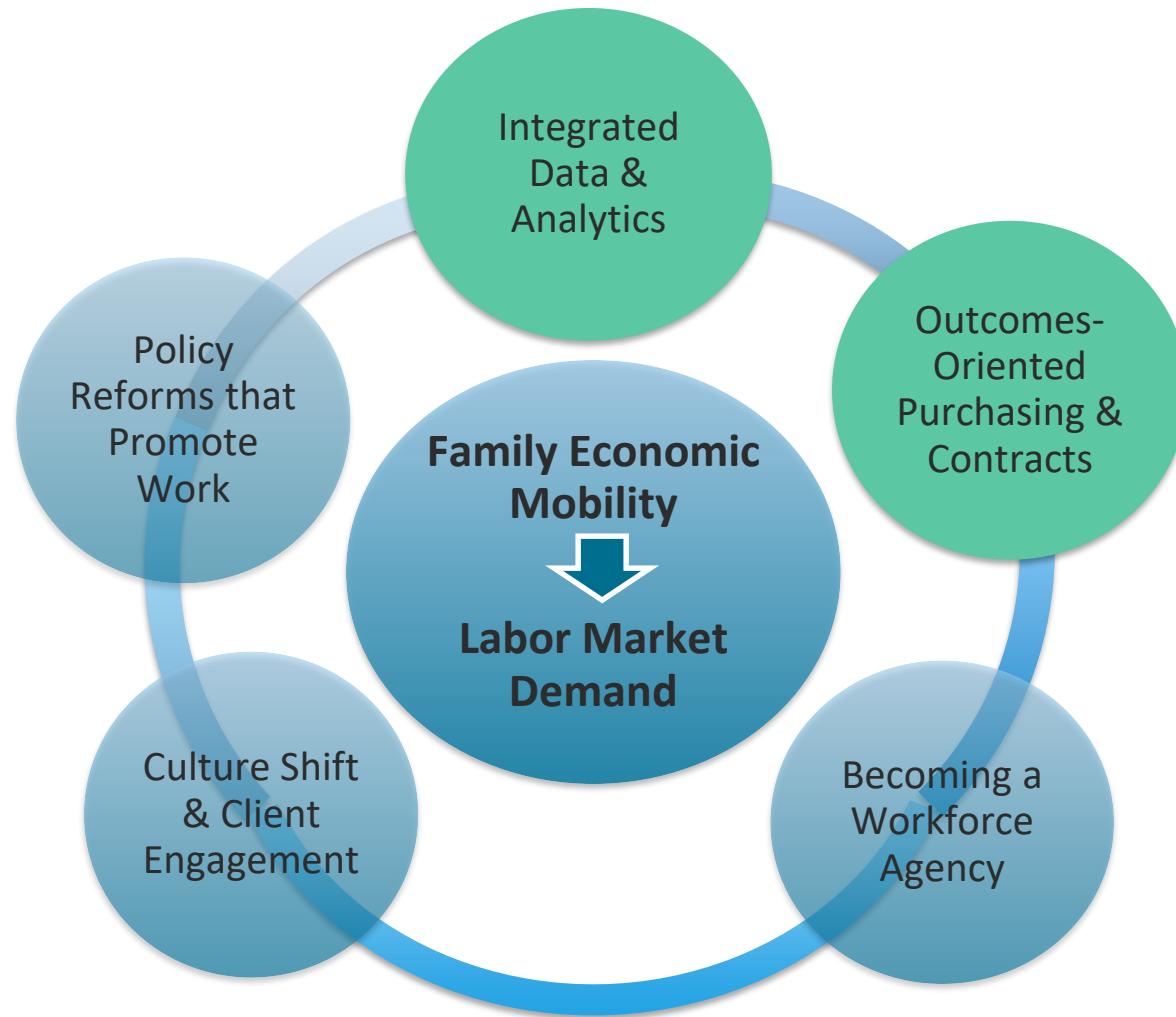
The Opportunity

DTA decided to leverage upcoming procurements to refresh program expectations, incentivize outcomes achievement, and adapt systems in support.

“We have to do something different to break the cycle of intergenerational poverty.”

– Commissioner Jeff McCue, MA DTA

Outcomes contracts are part of DTA's significant organizational change process to untangle welfare and invest in work and economic mobility



In support of this transformation, DTA is focused on achieving 3 key goals across employment services and programs

DTA Procurement Goals


Goals	What does this look like?
<p>Provide individualized, client-centered services</p>	<ul style="list-style-type: none"> • Promote a 2Gen approach that prioritizes outcomes for both parents and their children • Tie allowable activities directly to research-based career readiness indicators
<p>Pay for outcomes achievement</p>	<ul style="list-style-type: none"> • Maintain high expectations for participants, provide flexibility on their path • Maintain high expectations for providers, provide flexibility on path towards achieving expected outcomes
<p>Build a workforce pipeline in high-demand & growth industries</p>	<ul style="list-style-type: none"> • Link education and training opportunities to local labor market

DTA partnered with Third Sector to shift program expectations to include assessment, sustaining wage job placement, and retention services

DTA CIES Before and After


Traditional Contracting

Prescriptive Services for Individual's Needs




Prescriptive program model for soft skills training, job search, and job training

Program Ends at Job Placement



Providers were not incentivized to continue to work with clients once they were placed in any job


Payments for Service Models Delivered



Providers paid based on "Service Model" of program client completed


Outcomes-Based Contracting

Flexibility for a Family-Centered Approach




Providers have increased flexibility and tools to meet clients where they are and to consider whole-family needs

Incentives for Retention & Higher Wages



Providers receive outcomes payments for job retention at 90 and 180 days and placements in jobs paying \geq \$16.25/hour

Payments for Client Performance



Providers can earn up to six outcomes payments, tied to a mix of measurable inputs, outputs, and outcomes

Adopting an outcomes orientation institutionalizes change towards family-centered services that promote economic mobility

Success in implementing outcomes-oriented contracts requires ongoing coordination, collaboration, and commitment to continuous improvement

**Communication
& Coordination**

Mindset Shift

**Continuous
Improvement**

*“The role of Contract Managers is to **support people, not paper.**”*

– ESP Contract Manager

“We are shifting our system away from a compliance-driven model that holds providers accountable for ‘butts in seats’ to a human-centered approach that focuses on meaningful engagement and goal attainment for the whole family.”

– Associate Commissioner Amy Kershaw, MA DTA

Colorado Department of Human Services (CDHS) sought to promote long-term employment for TANF recipients



CDHS Subsidized Training Contract Transformation

CW STEP Overview

Program	<p>Services: Colorado Works subsidized training and employment program (CW STEP)</p> <p>Beneficiary Population: ~400 Coloradoans who receive cash assistance</p>
Impact	<p>Outcomes of Interest:</p> <ul style="list-style-type: none">• Exit into unsubsidized employment• Unsubsidized employment retention• Wage growth
Funding	<p>\$4M total contract</p> <ul style="list-style-type: none">• TANF-funded

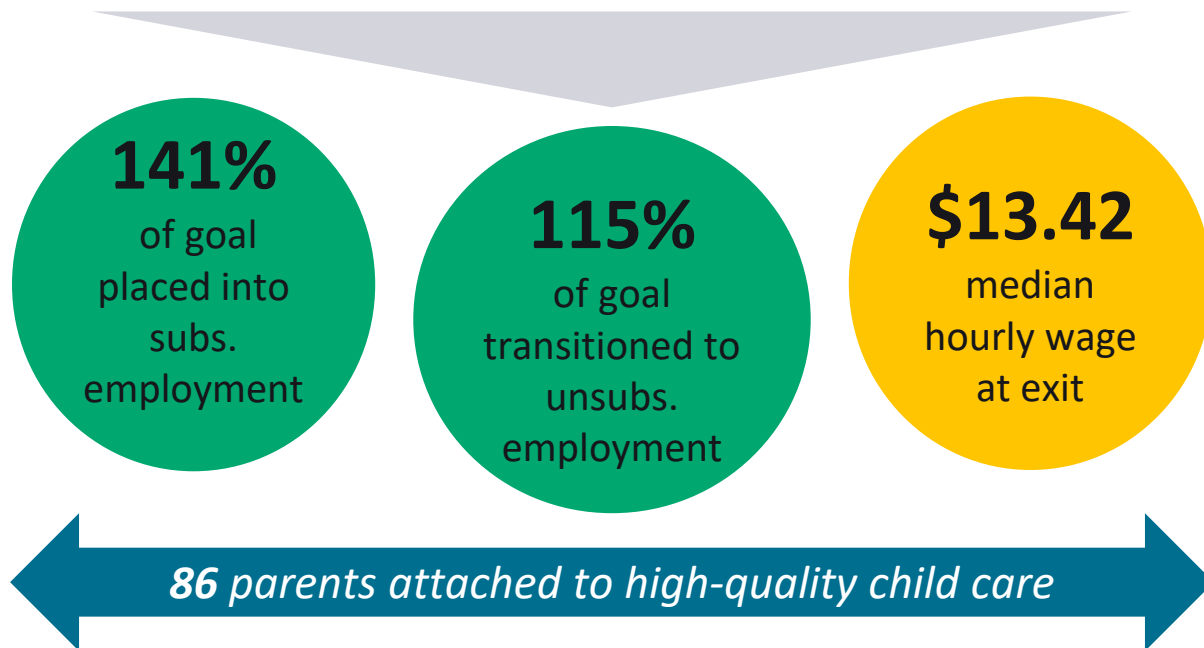
Transformation Plan

- 1 **Establish agency-level goals and outcomes** to drive decisions and strategy
- 2 **Develop incentive structures** that reward providers for outcomes improvements
- 3 **Deepen CDHS partnerships and data sharing**
- 4 Leverage and **refine existing performance measurement structures**, such as C-STAT
- 5 **Document and apply learnings** and feedback to achieving agency-level goals

CDHS partnered with Third Sector to further embed a focus on short-term and long-term outcomes in CW STEP

CW STEP at a Glance (FY18-19)

4 Local area contractors covering 15 counties **\$4M** State TANF reserve funds allocated yearly over 4 years **\$100K** Potential bonus payments based on outcomes achieved



CDHS and Third Sector set three payment outcomes to operationalize & strengthen existing contract outcomes

FY18-19 STEP Payment vs. Contract Outcomes

	Payment Outcomes	Contract Outcomes
1	Placement into unsub. employment (UE) at exit	Min. of 35% of CW jobseekers enrolled in STEP obtain employment
2	Exit into UE above County wage target	Min. of 20% of CW jobseekers enrolled in STEP obtain living-wage jobs
3	Participating in UE 2 quarters after exit	Employment retention at 90 days (pending available data)

CW= Colorado Works (Colorado's TANF program)

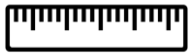
STEP is an example of how small enhancements to existing programs can advance an outcomes orientation

CW STEP Successes in 2018



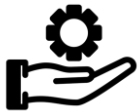
Outcome Goals

- Amendment that **ties funding to short-term *and* long-term outcomes** achieved outside of contract period
- Increased **clarity and alignment on goals and performance levels**



Performance Metrics & Incentives

- Clearly-defined **bonus payment outcomes** that reinforce & operationalize contract goals
- Payments **reward for each participant outcome achieved**
- **County-specific wage targets** that can be reapplied in future years



Providers & Continuous Improvement

- **Increased collaboration and aligned expectations** with providers
- Processes for **measuring & reporting on long-term outcomes** that deliver feedback to providers & policymakers

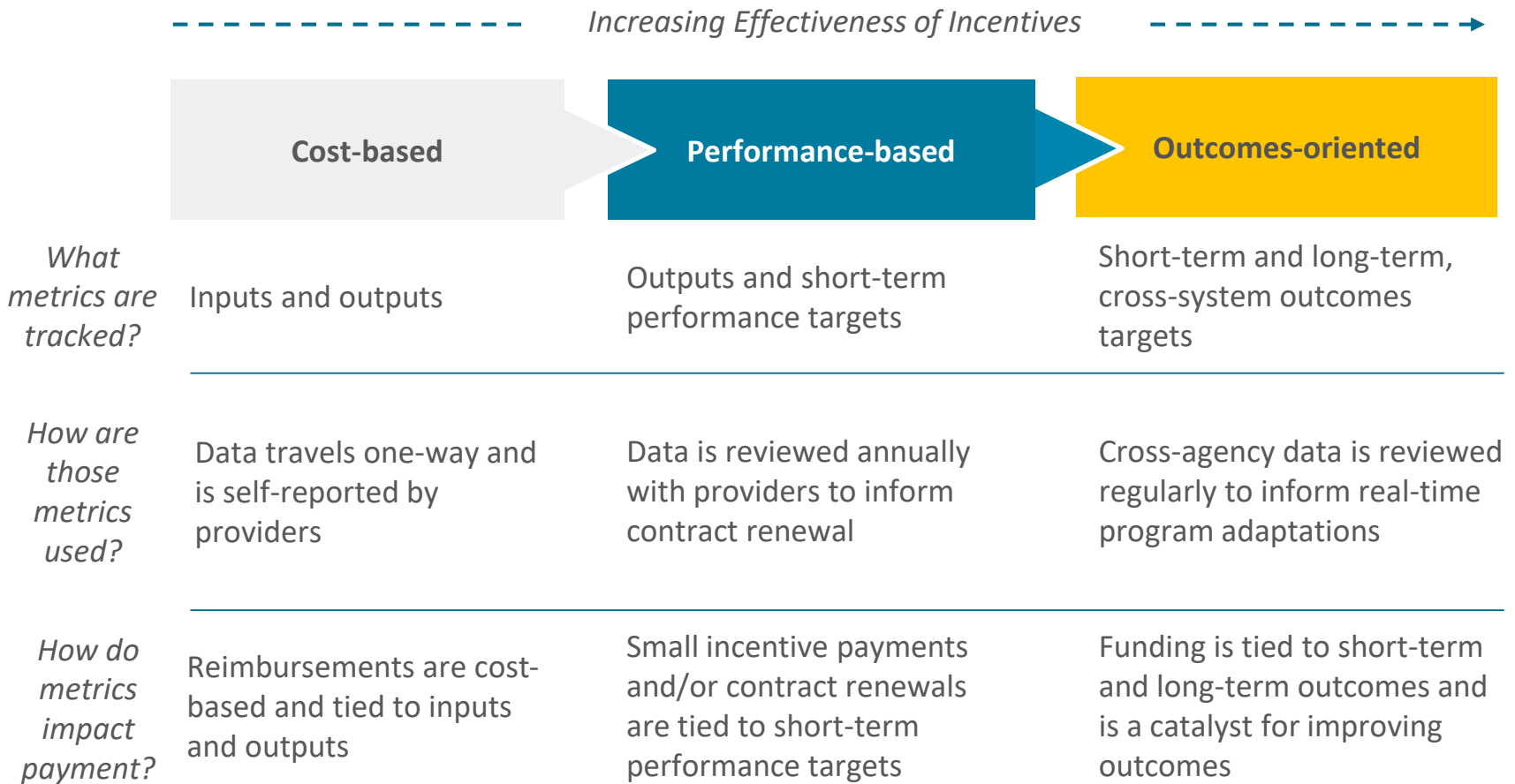
These funding approaches are part of an outcomes-oriented human services mindset that centers on innovation and learning

Components of an Outcomes-Oriented Approach

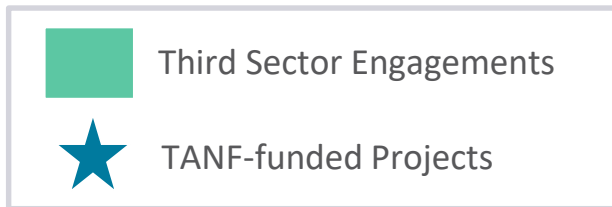
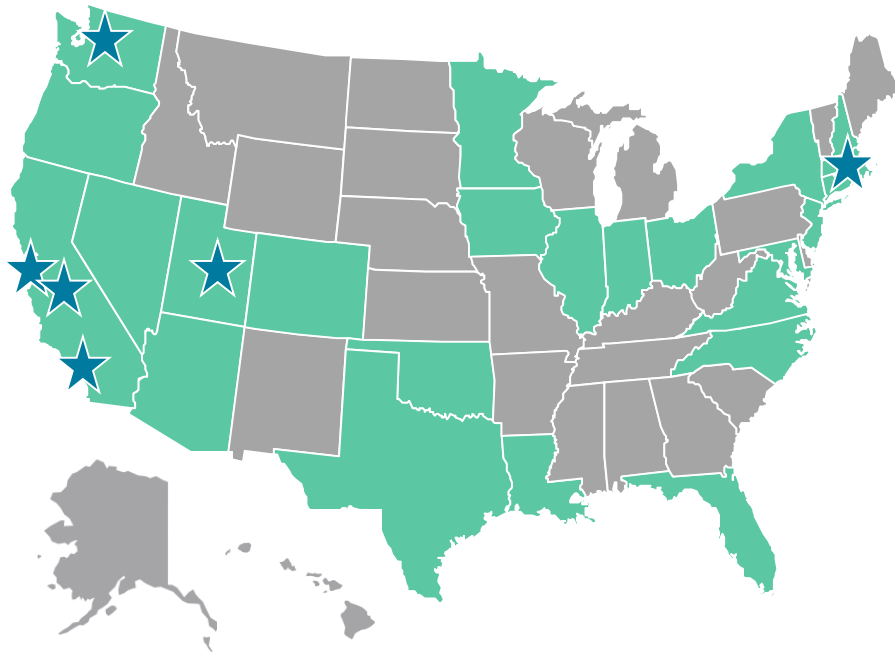


Outcomes-Oriented funding builds on performance-based contracts, evidence-based programs, and data initiatives to align incentives with longer-term results

Progression towards an Outcomes Orientation



Third Sector has deployed **\$806M** in public funding via outcomes contracts and partnered with 6 state and county agencies to transition TANF-funded programs



Sample Outcomes Prioritized in TANF-funded contracts

- Improved Educational Functioning Level
- High-School Equivalency
- English Language Proficiency
- Measurable Skills Gain
- Nationally-recognized Credential Attainment
- 12+ College Credits
- Job Placement
- Job Retention (30, 90, & 180 days)
- Wages (above minimum wage or Area Median Income)
- Wage growth over time