

Request for Proposals

Social Finance, Inc. & JFF

Catalyzing Career and Technical Education Through Pay for Success Competition: 2020-2021

Date released: August 17, 2020

DEADLINE TO SUBMIT PROPOSALS:

All applicants must submit an executive summary, proposal narrative, and the required appendix by **11:59 pm Pacific Standard Time on December 4, 2020**. Applications should be formatted as a single PDF document and submitted via email to:

solicitations@socialfinance.org

Resources and the Request for Proposals can be found at the following link:

<http://socialfinance.org/octae>

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SECTION 1: OVERVIEW

1.1 INTRODUCTION

Providing High-Quality Career and Technical Education Programs for Underserved, High-Need Youth through a Pay for Success Model

Covid-19 threatens employment opportunities for young people and budgets for career and technical education (CTE) programs. Pay for Success (PFS), a form of outcomes-based funding, is an innovative funding mechanism that can help address these challenges by closing CTE budget gaps, boosting program sustainability, and improving outcomes for underserved youth. High-quality CTE programs are particularly important at this moment as greater industry alignment and strong career navigation supports help to ensure underserved students transition successfully into a labor market and economy that has been irrevocably changed in some cases.

Social Finance and JFF are excited to host a national competition that will support CTE providers in using outcomes-based funding to expand CTE for underserved, high-need youth. This effort is funded through a grant from the US Department of Education's Office of Career, Technical and Adult Education (OCTAE).

Eligible applicants are Perkins-eligible CTE providers that are working closely with cross-sector partners in their community. Awardees will receive technical assistance from Social Finance and JFF at no cost, a value of approximately \$150,000-\$225,000, to help their CTE programs adapt to the challenges presented by a Covid-19 environment and to expand the number of students they serve. Social Finance and JFF will provide a suite of expert consultation services, evaluate preparedness to scale programs, and explore new funding strategies with an eye for identifying whether outcomes-based funding might be an effective vehicle to achieve program objectives. Outcomes-based funding can take many forms, including performance-based contracts, social impact bonds, income share agreements, and outcome rate cards.

The technical assistance provided by Social Finance and JFF will be designed to support CTE providers in planning for the use of PFS funding to support the implementation of high-quality CTE programs for underserved, high-need youth. It will be tailored to the needs of the selected CTE provider, and could include:

- Identification of potential funding strategies for CTE programs and wrap-around costs
- Analysis of local labor market needs and trends aligned with Perkins V requirements
- Support identifying and implementing best practices (e.g. for remote learning) for high-quality CTE programs
- Design of data collection and analysis strategies to capture program impact; these strategies can be designed to support programs in meeting state accountability indicators and requirements, assessing their progress toward equity goals, and establishing objectives in this domain

Outcomes-based funding is a promising strategy for covering ongoing CTE program costs not always covered by Perkins and other federal, state, and local funding. Unlike one-time grants, outcomes-based funding can provide a sustainable funding stream. Examples of CTE program costs that could be supported through a project, in partnership with its outcome payor(s), include:

- Staff salaries
- Tuition or other costs related to dual credit and dual enrollment
- Costs related to industry-related certifications, such as assessments and testing site authorization
- Work-based learning operations, including personnel, logistics, transportation, and wages for students
- Cross-sector partnership development and strategic planning, including intermediary support
- Ongoing professional development, including for remote learning
- Resources and technology for college and career exploration and advising

This Request for Proposals (RFP) establishes an open and fair competition through which applicant organizations and consortia that want to expand existing CTE programs for underserved, high-need youth may apply for consulting services to prepare for outcomes-based funding to support high-quality CTE programs. Local CTE sites should apply in collaboration with a potential outcome payor, which is an entity that is prepared to pay for improved academic or workforce outcomes if applicable. Outcome payors may include government entities at any level, employers, or other stakeholders (more information on outcome payors can be found in Section 4.1).

For up to two competitively selected applicants, SF and JFF will conduct feasibility studies that will explore the potential of using outcomes-based funding to expand an existing program. Following completion of each feasibility study, the selected applicant, SF, and JFF will determine in collaboration with OCTAE whether an outcomes-based funding project is feasible and effectively meets the needs of the CTE site. If so, SF and JFF will work with the applicant to develop and launch an outcomes-based funding CTE project.

Social Finance is a 501(c)(3) nonprofit organization dedicated to mobilizing capital to drive social progress. We believe that everyone should have the opportunity to thrive and that we can catalyze those opportunities through a set of innovative financing strategies called Pay for Success. To date, Social Finance has mobilized nearly \$150 million of capital to address a wide range of social issues in areas such as education, workforce development, health, and criminal justice.

JFF (Jobs for the Future) is a national nonprofit that accelerates the alignment and transformation of the American workforce and education systems. For 35 years, JFF has led the way in designing innovative and scalable solutions that create access to economic advancement for all. JFF has deep expertise in CTE and led the Early College High School Initiative, which has established or redesigned over 280 high schools serving more than 80,000 students annually in 28 states and the District of Columbia. Leveraging its success in scaling early college, JFF leads the Pathways to Prosperity Network, which is focused on expanding grades 9-14 CTE pathways that combine best practices from early college and career-focused learning.

1.2 ELIGIBILITY

Up to two applicants will be selected to receive a feasibility study (needs assessment, cost-benefit analysis, data system integration, et al.) and support for developing a PFS project based on the strength of application, proposed partnership and CTE program, and the potential for impact on underserved, high-need youth.

Local CTE sites should serve as the lead applicant for this competition. The local CTE site should also identify potential outcomes payors if applicable.

Eligible lead applicants under this RFP are those that:

- Provide high-quality CTE programs;
- Serve underserved, high-need youth; and
- Are Perkins-eligible¹

Additional organizations, including those that are not Perkins-eligible, can join the lead applicant as partners in an applicant consortium so long as the lead applicant meets the above criteria.

Example Applicant Structures

To help illustrate the types of partnership structures applicant teams can propose for a PFS project, several non-exhaustive examples are listed below. Many potential applicants may not yet have project teams developed to the extent characterized in the examples below. The feasibility phase will offer the opportunity to determine optimal team and project structure. These examples are intended to provoke thought in terms of the types of collaborations that may be effective.

- **State department of education in partnership with a local school district:** A state department of education wants to see higher high school graduation rates for students in economically disadvantaged counties. A district serving a predominately low-income, minority population has piloted one career academy high school whose students have graduated at higher rates than their peers. The state department of education is willing to act as a payor if the school district can successfully expand the pilot to its other high schools. The state department of education and district apply together, with the district as the local CTE site and the state department of education as the potential outcome payor.
- **Local employer in partnership with a local or regional pathways collaborative:** A large industrial company needs access to a high-quality workforce with the skills and certifications necessary to work in and manage its plants. It has piloted a work-based learning program with a pathways collaborative that includes a local school district and postsecondary institutions with CTE programs that serve high-need, underserved students near its company headquarters and has found that graduates make valuable employees. It is willing to act as a payor if the school district successfully scales to high schools near its

¹ Lead applicants are required to be eligible for funding under sections 131 and 132 of the Strengthening Career and Technical Education for the 21st Century Act (2018 amendment to the Carl D. Perkins Career and Technical Education Act of 2006). Eligible lead applicants include:

- Area career and technical education schools
- Education service agencies (receiving local funding)
- Local education agencies
- Perkins-eligible consortia
- Public charters that operate as local educational agency
- Postsecondary institutions eligible for Perkins funding
- A postsecondary educational institution controlled by the Bureau of Indian Affairs or operated by or on behalf of any Indian tribe that is eligible to contract with the Secretary of the Interior for the administration of programs under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) or the Act of April 16, 1934 (25 U.S.C. 452 et seq.)

regional plants, in partnership with their current postsecondary partners. The company, school district, and postsecondary institutions apply as partners, with the company as the potential payor and the high schools and postsecondary institutions as the local CTE site.

- Public college in partnership with an early college high school:** A state-funded public college network wants to increase its enrollment and graduation rates, especially for high-need, underserved students. A high school in the region is implementing a pathways model serving that student population, and students who attend that high school are more successful than their peers when it comes to college enrollment and persistence in their network. It is willing to act as payor if the pathways model is scaled to successfully serve more students. It applies alone as the potential outcome payor but includes detailed information about the high school that show the organizations have a strong relationship. It includes letters from state officials demonstrating that it has organizational latitude to use its budget for PFS projects and includes a letter of support from the high school.
- Technical college exploring Income Share Agreement model:** A state-funded, Perkins-eligible technical college is looking to scale an evidence-based degree program that prepares students for a high-demand industry in their region. The college is seeking to expand access for low-income students by offering lower-risk alternatives to traditional loans in order to cover the cost of tuition. The technical college has begun exploring creating a student-friendly Income Share Agreement (ISA) option and has demonstrated that students would be interested in enrolling and taking advantage of this opportunity if the option were available. The technical college applies in order to receive technical assistance in determining the financial feasibility of a student-friendly ISA and in order to receive support in structuring the ISA. In order to be considered for this competition, potential ISAs should guarantee that participants are fully informed regarding their options, ensure that students are required to make payments if and only if their salary exceeds a certain threshold, and cap payments both in terms of maximum amount and maximum number of years during which the student’s obligation continues.

1.3 TIMELINE

Release of RFP	8/17/20
Deadline to notify SF and JFF of intent to apply (strongly encouraged but not required)	10/16/20
Deadline for proposals	12/4/20 at 11:59 PM PST
Selections announced	1/29/21

1.4 SUBMISSION OF QUESTIONS

Applicants may submit questions via email to nsummerall@socialfinance.org during the proposal window. Responses to all questions will be posted online at <https://socialfinance.org/octae/>

1.5 ABOUT PAY FOR SUCCESS

Pay for Success is an innovative cross-sector partnership designed to identify, fund, and scale social service programs that have a measurable impact through outcomes-based funding. PFS helps governments, employers, and other potential stakeholders fund better, more effective solutions by aligning funding with positive social outcomes. Through PFS, nonprofit service providers with a proven track record of success receive multi-year capital to serve more people, and performance management services to ensure they are on track. Governments, employers, or individual participants pay for some or all services only after positive outcomes, such as increased high-school graduation rates or achievement of credentials, are achieved instead of paying upfront for the promise of results. In the case of some PFS structures, impact investors or private funders often cover the upfront costs of providing services and are repaid with a modest return if individual lives are measurably improved as determined by an independent evaluator.

The Pay for Success field has been gaining momentum in recent years, growing from the first U.S. project in 2013 to 36 projects delivering services across the country today with dozens more in development. PFS projects are providing services across a range of issue areas to improve outcomes such as maternal and early child health, kindergarten readiness, housing stability, and interaction with the criminal justice system. There has been significant progress at the federal level as well; PFS has been included in numerous pieces of legislation, including the Every Student Succeeds Act, the Strengthening Career and Technical Education for the 21st Century Act (Perkins V), the Workforce Innovation and Opportunity Act, and the Social Impact Partnerships to Pay for Results Act, which established an \$100 million fund at Treasury to support state and local Pay for Success projects.

For additional information on PFS and specific outcomes-based funding vehicles, please find additional resources at <https://socialfinance.org/the-latest/what-is-pay-for-success/>

1.6 PROJECT BACKGROUND AND OBJECTIVES

In light of the devastating impact of the Covid-19 pandemic and its economic effects, more effective public investments are needed now more than ever in order to improve education and life outcomes for underserved, high-need youth. These young people—including low-income youth and students of color—have the lowest rates of high school graduation and attainment of postsecondary credentials and consequently low employment in jobs with family-sustaining wages. For example, while the high school graduation rate nationally in 2016-17 was 84.6%, it was just 80% for Hispanic students, 77.8% for Black students, and 72.4% for American Indian/Alaska Native students (NCES, 2017). The gap between white and Black 25- to 29-year-olds attaining an Associate degree or higher is 20.8% (NCES, 2017). While just 10% of higher-income 18-19 year olds were neither in school nor employed (a risk factor for future economic prospects), 26% of their low-income counterparts were neither in school nor employed (NCES, 2016).

Such outcomes hinder individuals' life prospects and have negative repercussions for our nation's economy. Each student who fails to earn a high school diploma and postsecondary credential is a missed opportunity for a valued credential in the labor market. There are also negative social costs downstream: high school dropouts pay \$60,000 less on average in taxes over their lifetimes than graduates and have health costs that are \$20,000 greater annually, due to higher rates of cardiovascular illnesses, diabetes, and other illnesses (Levin, 2005).

Strong CTE programs show promise for addressing these challenges and discrepancies based on race and socioeconomic status. Research shows that well-implemented CTE programs result in improved student outcomes such as an increased rate of high school graduation, increased transitions to two- and four-year colleges, persistence in college, accumulation of college credit, and attainment of postsecondary credentials.

Recent public and private investments in CTE demonstrate the demand for these program models. In recent years, Delaware (over \$1M), Texas (over \$8M), Tennessee (\$10M) and California (\$500M), among other states, have dedicated funds to school districts, pilots, and grants to advance career and early college pathways. Such investments are likely to continue to increase, as the Strengthening Career and Technical Education for the 21st Century Act (Perkins V), which empowers and incentivizes states to develop and adopt high-quality, pathways-aligned models for CTE, went into effect in July 2019. In 2018, 42 states and Washington D.C. passed over 140 policy initiatives to promote CTE and career readiness, according to the Association for Career and Technical Education. Thirty of those states have policies that address funding, 26 have policies that address industry partnerships and work-based learning, and 20 have policies that address dual enrollment or Early College.

Despite the increase in public and private support, many school districts struggle to implement high-quality CTE programs due to the significant costs of incorporating courses and experiences from colleges and business partners into the high school curriculum and a lack of resources—monetary and otherwise—required to catalyze these changes. Although there is strong will to create CTE-early college pathways, many practitioners need technical assistance to implement evidence-based program elements and find sustainable funding sources. Additionally, the economic impact of the Covid-19 pandemic has simultaneously accentuated the need for the type of workforce development that CTE programs seek to achieve and placed increased financial pressure on these sites.

The objective of the competition and project is to provide support for scaling high-quality CTE programs that improve outcomes for underserved, high-need youth by providing technical assistance to high-quality CTE programs and creating sustainable funding streams that utilize PFS models.

1.7 TECHNICAL ASSISTANCE AWARD DESCRIPTION

Applicants selected under this RFP will receive technical assistance from Social Finance and JFF to support the achievement of their strategic priorities and the development of CTE PFS projects. For each selected applicant, SF and JFF will conduct a feasibility study assessing the potential of PFS financing to expand the proposed CTE model. Based on the results of this study, SF and JFF may continue to work with the applicant to develop a full PFS project; this support would also be

provided at no cost. If a PFS project is launched, SF will provide active performance management to ensure that projects stay on track and outcomes are met. The intention of this competition is to provide awarded organizations with technical assistance support for the feasibility study and if deemed feasible, transaction structuring and PFS project development.

PFS Feasibility Study: Needs Assessment, Cost-benefit Analysis, Data System Integration, et al.

Through a feasibility study, SF and JFF will:

- Understand the **community's needs, policy priorities**, and service demands;
- Understand the **target population** and the likely impact of the proposed intervention;
- Assess the quality and relevance of the proposed **CTE program's evidence**, with a focus on establishing the link between the program and the proposed PFS outcomes;
- Assess the willingness and **capacity of service providers** and project stakeholders to scale proposed services to the target population;
- Identify **key PFS outcomes** for the project that align with the program's evidence and meet the goals of the jurisdiction and target population;
- Conduct a **cost-benefit analysis** to project total project costs and potential value created from the proposed intervention, including identifying the public and district entities that will benefit most if outcomes are achieved;
- Assess **data availability and quality** and identify any data systems that will need to be developed for monitoring the intervention should it advance to a PFS project;
- Assess **potential methodologies for evaluating** the CTE PFS project that will be used to determine if outcome measures have been achieved and to support selected applicants in developing plans for continuous improvement;
- Assess **outcomes payor commitment** and identify potential barriers to payors signing PFS project and/or meeting financial obligations; and
- Identify any **challenges or barriers** to establishing high-quality CTE programs and/or to serving the target population.

We have found that feasibility studies can provide organizations with concrete steps for achieving their strategic priorities. Because of this, feasibility studies require significant engagement and time commitment from staff members at the applicant organization and from their partners.

If SF, JFF, and the applicant determine through the feasibility study that PFS financing is appropriate for expanding the high-quality CTE program, applicants will be eligible to receive technical assistance services to support the development of a PFS project. SF and JFF will work to ensure that applicants have expert support in initiating a PFS project, executing a PFS contract, and using their systems to share high-quality data.

Developing a PFS Project: Project Support, Data Analyses, Contract Execution, et al.

For applicants that continue beyond the feasibility phase to develop and launch a PFS project, SF and JFF will:

- Provide overall PFS **project coordination and support**;

- Refine **program design** elements developed in the feasibility study, including defining the size and target population for the project, planning for scaling CTE services, and operational planning for services launch;
- Design an **evaluation plan** and select a third-party evaluator to determine whether outcomes are achieved during the project implementation;
- Conduct **high-level data, economic and demographic analyses** to estimate baseline outcomes, establish the value of program outcomes, and understand how funding will flow during the repayment of funders for outcomes;
- Draft and **execute a PFS contract** with project partners, including mediating and facilitating all other ancillary agreements between other parties to the project;
- Develop the **capital structure and financial terms** of the project, and lead the **capital raise** process;
- Support **intervention “ramp-up” activities**, including provision of technical assistance to selected applicants to align program structures and shape evaluation plans; and
- **Close the PFS project** and prepare for post-closing activities.

SECTION 2: APPLICATION

2.1 NOTICE OF INTENT TO APPLY

Applicants are strongly encouraged, but not required, to notify SF and JFF of their intent to respond to this RFP. This may be done by email, including the applicant’s name and address, proposed partners, and a paragraph description of the proposed CTE program to solicitations@socialfinance.org with “Notice of intent to apply for OCTAE competition” in subject line. **Please submit intent to apply by October 16, 2020.** Social Finance and JFF will respond within a week of receiving the LOI to inform the applicant whether they meet the required criteria and should move forward in submitting a full application. Social Finance and JFF will offer to talk individually with any applicant that would like to discuss their proposal further.

CTE sites who do not submit the Notice of Intent to apply may still submit the full application.

2.2 REQUIRED APPLICATION MATERIALS

The required application materials are an executive summary, responses to application questions, and the supporting materials that address the criteria identified in section 1.2. Proposals will be scored on a 100-point scale based on their responses to the following prompts:

Executive Summary	
Prompt	Target word count
Describe the proposed PFS project and partnership, including the proposed target population, CTE program design, outcome metrics, project budget, and payor engagement.	250

Questions			
Section	Points possible	Prompt	Target word count
1. Rationale	10	1.a.: Explain the problem that you are seeking to address. If you have engaged in prior efforts to address this problem, please explain your activities to date and the ongoing challenges.	200
		1.b.: Describe the activities proposed by the high-quality CTE project and their intended impact, including expected number of participants to be reached and quantifiable goals for improvement in participants' outcomes over a defined time period. Describe the activities proposed by the high-quality CTE project and their intended impact, including expected number of participants to be reached and quantifiable goals for improvement in participants' outcomes over a defined time period.	250
		1.c.: Define the target population (underserved, high-need youth) in a manner that matches the definition in Section 4.1, and describe the specific plans to identify and serve this population.	250
2. Partners & Policy	16	2.a.: List the stakeholders at the institutional, city, county, and/or state levels who are supportive of the implementation and launch or expansion of high-quality CTE programs. Explain any conditions that contribute to their interest in such programming at this time.	200
		2.b.: Describe the applicant's history of collaboration with government agencies, civic leaders, workforce systems, colleges, employers, local education agencies and local funders, including data sharing agreements, participation in regional networks, Memoranda of Understanding, articulation agreements, or other examples.	200
		2.c.: Please attach letters of support from relevant partners in the proposed project in Appendix A.	See Appendix A
3. Payor Commitment	22	3.a.: Identify the payor that you intend to pay for the results achieved. Describe the payor's commitment to and rationale for acting as a potential outcomes payor in this PFS project. In the case that you are applying with the intent of creating an Income Share Agreement, explain the	250

		market research you have done that leads you to believe that students may be interested in entering into such a structure.	
		3.b.: Please attach a letter of support and explanation of interest from a potential payor in Appendix A.	See Appendix A
4. Program Quality and PFS Elements	25	4.a.: Describe the applicant’s or partner’s experiences collecting and accessing programmatic and administrative data to measure progress and outcomes. Describe the applicant’s or partner’s experience sharing data with external systems.	100
		4.b.: Describe the evidence base supporting the applicant’s intervention, specifically the evidence that the program has a positive impact on the high school, college, and career success of underserved, high-need youth.	250
		4.c.: Describe how the applicant’s program incorporates elements of high-quality CTE programs.	250
		4.d.: Provide an estimated cost per participant for the proposed program supported by an explanation of the methodology used to calculate the cost and the items included in it.	100
5. Provider Capacity and Commitment	17	5.a.: Describe applicant’s track record implementing the proposed high-quality CTE programs including for high-need, underserved populations, as well as the track record of any project partners. Please include any assessments or evaluations of the CTE program in Appendix B.	250
		5.b.: State the qualifications of representatives of all key stakeholders and describe how the CTE programs of the applicant and partner organizations are staffed and instructed with appropriate expertise.	100
		5.c.: Please attach letter of support or other evidence of stated commitment from a senior champion within the applicant organization to expand the applicant’s impact through Pay for Success in Appendix A.	See Appendix A
6. Challenges and Risks	10	6.a.: Describe the specific challenges that may arise, or already exist, in the establishment or expansion	100

		of high-quality CTE programs particularly as it relates to Covid-19. Propose strategies to overcome the described challenges.	
		6.b.: Describe the potential risks and/or unintended consequences to the target population (high-need, underserved youth) with regards to the use of Pay for Success for scaling programming. Identify strategies to mitigate potential risks and/or unintended consequences.	100

Appendices – no word limit	
Appendix A (Required)	<ul style="list-style-type: none"> <input type="checkbox"/> Letters of support from any organizations that have been listed as potential/confirmed partners on the application <input type="checkbox"/> Statement of potential payor commitment and rationale for participation. In the case of applicants interested in developing an ISA, this may take the form of a brief document demonstrating need and demand among potential student participants. Such a document could take the form of a petition signed by at least 20 students, a list of conversations conducted, or results from a survey of students regarding their barriers to accessing higher education. <input type="checkbox"/> Letter of support from authorized signatory of lead applicant organization expressing support for the application, commitment to full engagement in the feasibility phase if selected, and interest in using outcomes-based funding to expand impact.
Appendix B (Optional)	<ul style="list-style-type: none"> <input type="checkbox"/> Past assessments and/or evaluations of the high-quality CTE program described in the proposal narrative (if available)

2.3 SUBMISSION OF PROPOSALS

All applicants must submit an executive summary, proposal narrative, and supporting appendices as described in section 2.2 by 11:59 pm Pacific Standard Time on December 4, 2020. Applications should be formatted as a single PDF document and submitted via email to solicitations@socialfinance.org.

2.4 APPLICANT SUPPORT

In order to answer any questions that come up during the application process, Social Finance and JFF will co-host two webinars (September 23, 2020 & October 6, 2020) that will provide information on the following topics: general application support, evaluation and selection review process, and details of technical assistance provided during the project. Following the information session, attendees will be able to ask application-related questions. If an applicant is unable to attend the live webinar, a recording will be posted at the following link:

<https://socialfinance.org/octae/>

SECTION 3: SELECTION

3.1 EVALUATION PROCESS & GRANTING OF AWARDS

All submitted applications will be screened to ensure that they meet the eligibility requirements outlined in section 1.2. Applicants that do not meet the eligibility requirements will be notified and removed from consideration. All applications that meet the eligibility requirements will be reviewed through two rounds of reviews, which will score and rank applicants based on the selection criteria.

Finalists will be notified by the review committee and will then be requested to schedule an interview (via videoconference) with committee members. Upon completing the interviews, the review committee will then rate and score applicants based on findings from the interviews and proposal scores from reviewers. The review committee may require site visits (in-person or virtual) to the top scoring applicants or may require the submission of additional information to verify information provided in the application prior to making a final award. Upon final review, up to two successful applications will be selected for the CTE PFS project. Applicants that are not selected will be notified promptly.

Feedback on applications will be provided to all applicants following notice of application decisions.

SECTION 4: APPENDICES

4.1 DEFINITIONS

For more information on the terms listed below please Social Finance's competition website: <https://socialfinance.org/octae/>

Career and Technical Education (CTE)

Organized education activities that offer a sequence of courses that provides individuals with the academic and technical knowledge and skills the individuals need to prepare for further education and for careers in current or emerging employment sectors. Career and technical education includes competency-based applied learning that contributes to student's academic knowledge, higher-order reasoning and problem-solving skills, work attitudes, general employability skills, technical skills, and occupation-specific skills. (Perkins Collaborative Resource Network, 2019: <https://cte.ed.gov/legislation/perkins-v>)

Feasibility Study

The feasibility study is the process of further understanding the target population and the evidence base for an intervention, evaluating organizational capacity, designing metrics, and assessing the support of the outcomes payor. For more information, please read Section 1.7.

High-Quality Career and Technical Education (CTE) Programs

According to criteria established by OCTAE, a high-quality CTE program:

- Supports career pathways in in-demand industry sectors and occupations and provide opportunities for students to prepare for college and careers
- Provides students with information about occupations in in-demand industry sectors or occupations and may offer career exploration activities as early as seventh grade
- Offers a non-duplicative, structured sequence of courses that begin at the secondary level and lead, as applicable, to an industry-recognized credential (in sectors where those credentials exist and are appropriate) and to a postsecondary certificate or degree that is needed for placement in an in-demand occupation that leads to economic self-sufficiency
- Provides students with the academic, employability, 21st century, and technical skills that employers require for entry into occupations in in-demand industry sectors and occupations
- Offers opportunities for students to earn academic credit and postsecondary credit for completing high school career and technical education courses
- Provides all participating students with work-based learning. Work-based learning refers to activities that occur in workplaces through which young people master and demonstrate academic, employability, 21st century, and technical skills that help them prepare for college and career
- Provides supplemental services to participating students who are members of underserved populations and provides support services to all participating students to ensure that all students have equitable access to career and technical education programs, in addition to equitable opportunities to participate and succeed in these programs
- Offers opportunities for participating students to develop leadership skills

Below are examples of high-quality CTE program models that meet these criteria:

- **Career Academies** restructure large high schools into smaller learning communities. They offer courses and activities connected to career or occupational themes and typically require all students to complete a work-based learning experience. NAF offers an example of a high-quality career academy model.
- **Early College High Schools (ECHS)** provide students with exposure to college and the opportunity to take college courses while they are in high school. ECHS partner with colleges and universities to offer all students an opportunity to earn an Associate's degree during high school at no cost to students. ECHS in this competition must have a CTE focus, such as health, life sciences, or information technology.
- **Career Pathways Models** employ strategies that align major education (K-12 through postsecondary), training, and workforce development programs to meet the skill needs of

students, jobseekers, and workers; and the skill requirements of employers in high- demand industries and occupations.

- **Linked Learning** is an educational approach that not only integrates academic and high-quality career and technical education, but also is sequenced to support students transitioning from middle school through high school and postsecondary education.
- **CTE-focused Smaller Learning Communities** are a school restructuring strategy that involves smaller, personalized learning environments that are often focused on a specific career theme.

Income-Share Agreement

An income-share agreement (ISA) is a contract in which the student finances their education by borrowing money from their school and commits to repay a percentage of their future income. Social Finance has developed a more student-friendly form of a traditional ISA called a career impact bond (CIB) in order to expand access to high-quality education to people from low-income communities. Investors and providers cover the upfront cost of a training program as well as a set of wraparound services to help participants persist and complete trainings. Upon obtaining relevant full-time employment after the program ends, participants repay investors by paying a fixed portion of their income over a set period of time.

Local Educational Agency (LEA)

The term local educational agency means a public board of education or other public authority legally constituted within a state for either administrative control or direction of, or to perform a service function for, public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a state, or of or for a combination of school districts or counties that is recognized in a state as an administrative agency for its public elementary schools or secondary schools.

Outcomes-Based Contracts

Outcomes-based contracts are a form of Pay for Success, in which compensation from an outcomes payor is tied to a service provider's ability to meet or exceed defined program outcomes. Rather than linking contract payments to a provider's ability to accomplish tasks like in a typical fee-for-service contract, outcomes-based contracts pay based on performance. Outcomes-based contracts can take many forms such as social impact bonds, outcomes rate cards, or income share agreements.

Outcomes Payor

An outcomes payor is an entity that agrees to pay for predetermined outcome metrics when and if they are achieved. These predetermined outcome metrics are measured during the PFS project by an independent evaluator. If the project successfully improves outcomes, the payor repays the impact investors who covered the upfront costs of expanding services plus a modest return. If the program does not achieve its target results, the outcomes payor may not pay anything.

An outcomes payor can be a public or private entity, though is most commonly a state or local government entity. In order to identify an outcomes payor for a CTE PFS project, applicants should consider the level of government which will benefit from potential outcomes and the level of government which cares most about these potential outcomes. A few examples of potential outcomes payors include:

- **State government**, such as a Department of Education or Department of Labor, which has committed to improve high school graduation rates or employment outcomes for the target population;
- **City or county government**, such as an LEA, Department of Education or Office of Management and Budget; or
- **Non-profit or private entities**, such as an employer or institution of higher education, which may benefit from a more skilled workforce or prepared student; or
- **Individual participant**, who has agreed to enter into a career impact bond, where a portion of the cost of tuition is paid if the student successfully gains employment.

Outcomes Rate Card

An outcomes rate card (ORC) is a menu of outcomes that a government seeks to achieve, paired with the prices it is willing to pay for each. To develop an ORC, an outcomes payor determines priority outcomes, associated prices, and a measurement methodology to confirm whether outcomes have been achieved.

Social Impact Bond

Social impact bonds (SIBs) are unique public-private partnerships around funding social programs largely on the basis of their outcomes. In a SIB, governments identify policy-relevant outcomes and enter into a contract with service providers to achieve those outcomes. The contracts are structured so that payments are only made to the extent that outcomes are achieved. In SIBs, investors often put in the upfront capital for the projects to reduce the financial risks for service providers. Governments then repay those investors if and when the project achieves the pre-determined outcomes.

Transaction Structuring

Transaction structuring is the process of designing, contracting, financing, and launching a Pay for Success project. This includes project design, evaluation design, structuring, contracting, and (if needed) a capital raise. Transaction structuring will only occur if the feasibility study determines that Pay for Success is an appropriate mechanism to finance the project. For more information, please read section 1.7.

Underserved, High-Need Youth

The Department of Education defines underserved, high-need youth as “individuals who are at risk of educational failures or otherwise in need of special assistance and support. These individuals

may include students described in section 3(29) (Special Populations) of Perkins IV, as well as students who are living in poverty, attend high-minority schools, are far below grade level, have left school before receiving a regular high school diploma, are at risk of not graduating with a diploma on time, are homeless, or have been incarcerated.” (Dept. of Ed Definition, 48773-48774 of Federal Register).

4.2 ADDITIONAL INFORMATION

This project is funded through an award from the U.S. Department of Education’s Office and Career and Technical Education. Nine percent of the project is financed through non-federal funding.