

PAY FOR SUCCESS: AN INNOVATIVE APPROACH TO FUNDING ESSENTIAL SKILLS DELIVERY

**Partners in Innovation Symposium
Simon Fraser University, Vancouver
May 30, 2017**

Broad project objectives

- Employment and Social Development Canada (ESDC) seeking to stimulate innovation in Essential Skills training
 - Emphasis on rigorous evaluation of promising approaches, to build a stronger marketplace of organizations with evidence of impact
- As part of this initiative, ESDC partnered with Workplace Education Manitoba and SRDC to:
 - Launch the Pay for Success demonstration project with government and service delivery partners in Manitoba and Nova Scotia
 - Both provinces seek to develop more direct pathways to employment, with demand-led programs
- First Canadian test of a pay-for-performance model for Essential Skills delivery
 - Goal is to incentivize providers to develop innovative practices to connect individuals with lower skills to sustainable employment.

Research objectives

1. **Design the model:** Describe key features of the model, and how they differed across providers and provinces
2. **Describe implementation:** Track model operationalization and adaptation over time
3. **Proof of concept/feasibility:** Track service provider response to incentives - innovative practices, operational challenges
4. **Track participant outcomes:** Identify possible 'tipping points' (intermediate outcomes as drivers of longer-term success)

Designing the Pay for Success model

- Pay-for-success models are prone to ‘gaming’ and other strategic behaviour when they narrowly focus on a single performance target
 - Performance target is often unconnected to either a) provider day-to-day practice, or b) ultimate policy goals
- Our recommendation: avoid performance targets, instead use a ***milestone-based pathways approach***
 - Use a *collaborative theory-of-change (co-design)* approach to:
 - i) Identify key transition points in the service delivery pathway where clients falter;
 - ii) Describe what success would look like at each of these points;
 - iii) Develop measures for each indicator of success (milestones);
 - iv) Confirm that providers have the capacity to develop practices around each indicator.
 - Clients at different levels of need can start at different points along the pathway
 - Providers receive an incentive payment each time a client reaches a milestone

Basic model components

- Needs assessment and service planning for all job seekers
 - Determine starting point (Essential Skills, employability skills, work readiness), and subsequent milestones to be attained
- Employment preparation
 - 'Ready to learn' programming (basic literacy, life stabilization, career pathfinding) to prepare those more distant from the labour market for subsequent training
 - Industry-specific Essential Skills, work exposure, technical training for those who are more work ready
- Job placement and retention
 - Onboarding, early work experience, on the job training → leading to hiring, and job retention at 3, 6, and 12 months

Model adaptations

- Large employment services provider (MB):
 - Emphasis on developing demand-led programming
 - Integrating Essential Skills with pre-employment work experience and technical training, with the ultimate goal of job placement and retention
 - Led to a sector-focused, dual-customer model
- Small employment services provider (MB):
 - Many clients with complex and severe barriers to employment, not ready for work exposure or industry-focused training
 - Emphasis on building a 'gateway' program between existing life skills and job search services; emphasis on literacy, employability, and continuous learning
- Adult education provider (NS):
 - Outreach model, building partnerships with underrepresented groups (incl. First Nations) and employers
 - Essential Skills, academic upgrading, sector-based training (incl. work co-op) with certification → transition to further PSE and/or employment

Building milestones: Large provider (MB)

Milestone	Service delivery focus	Measures
1. Demonstrated gains in Essential Skills, for clients with lower skills	Work exposure and selection into the program. Assessment of skills gaps, and steps required to meet industry benchmarks. Employability and Essential Skills development.	Essential Skills gains ELP
2. Completion of occupation-targeted Employment and Learning Plan (ELP)		
3. Reaching industry-defined Essential Skills benchmarks	Occupation-specific essential skills training	Occupation-specific Essential Skills assessment (co-design with employer)
4. Participation in significant work experience in targeted industry/occupation	Onsite visits and coaching for trainees. Supports for workplace trainers.	Achievement of 10% and 20% productivity (employer assessed)
5. Completion of technical training		
6. Placement in employment in targeted industry and occupation	Continued supports as required while on-the-job training continues	Placed on production floor
7. Retention at 3 months	Retention supports	Continued full-time employment
8. Retention at 6 months		
9. Retention at 12 months		

Implementation

- All providers were able to translate the model into a set of concrete services, but development and implementation took time, and required technical assistance and support
- Customization for specific sub-populations
 - Large provider (MB): 86% new immigrants, 7% Indigenous
 - Small provider (MB): 65% Indigenous clientele
 - NS provider: Dedicated stream for those without HS diplomas (in partnership with construction industry association); dedicated stream for Indigenous clientele (in partnership with First Nation Learning Centre)
- Overall recruitment target (500 participants) attained and exceeded (N=572), but challenges for some providers
- Over \$275,000 in incentive payments earned by providers

Innovations in service delivery and employer practices

Changes in provider understanding of what they need to do to create success

1) Employer engagement:

- More intentional approach to delivering services as a pathway to employment
- More demand-led thinking and responsiveness around employer needs and processes
- Ongoing collaboration with employers – core curriculum customized to both technical and ‘soft skills’ job requirements
 - Employer involvement in setting milestones relevant to them leads to greater commitment

2) Responsiveness to client need:

- Integration of Essential Skills assessment and training into regular services → less ‘one-size-fits-all’ training, more targeted supports for job seekers with a range of needs
- Better intake and screening - early assessment of client fit to job
- Better supports for transition from classroom to workplace (onsite employment coach)

Innovations in employer hiring, training, and human resource practices

- Development of new recruitment, training, and hiring channels
- Ability to train and hire a broader range of candidates at different skill levels
- Development of new performance review processes (based on measures developed to monitor trainee progress)
- Additional human resource support and management training to improve trainee retention

Value of milestones and incentive payments

3) Clearer measurement and monitoring of outcomes:

- Intermediate outcomes – monitoring own success, and making timely adjustments if necessary
- Long-term outcomes – greater focus on staying in contact with clients once they have entered the workplace
 - Re-engagement of those who need retention supports

4) Reinvestment of incentives:

- Incentives allow providers to self-fund service improvements or student bursaries rather than going through a lengthy application process

Challenges

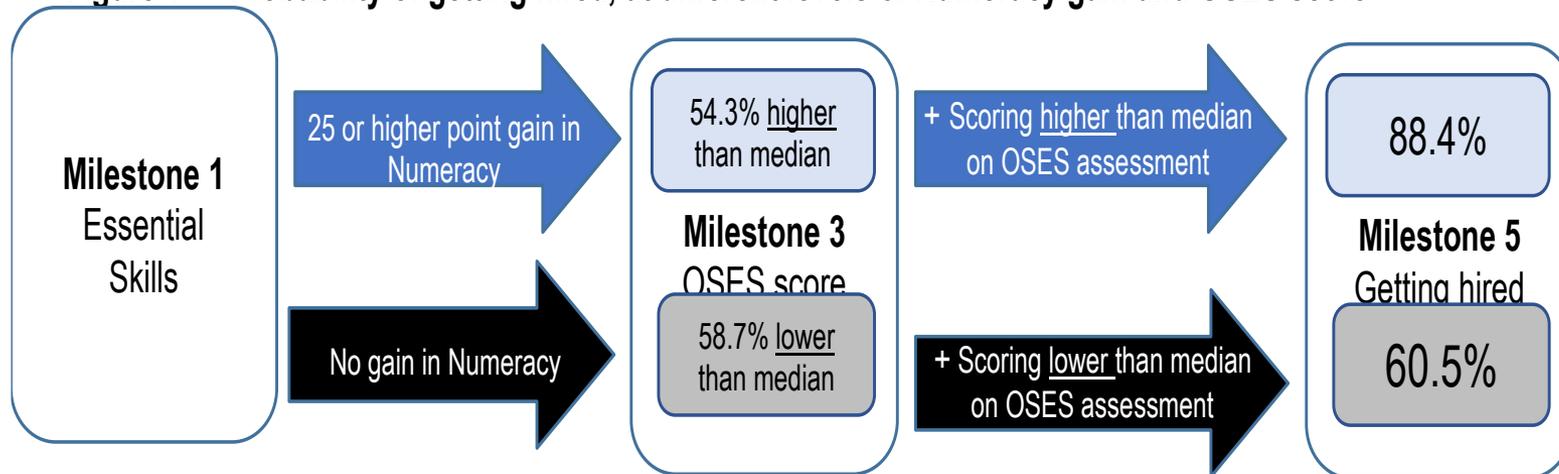
- Recruiting suitable candidates
 - Despite developments in screening and needs assessment, ongoing mismatch between job seeker needs and goals, and program and job requirements (esp. for sector-based programs)
- Difficulty tracking longer-term outcomes
 - Lack of dedicated data collection and outcome tracking resources
 - Need to better understand and build capacity
- Competing goals/mandates
 - Investment in participants vs. responsibilities to employers/business needs
 - Disagreements in course design and delivery
 - Pushback from employers; limited access to participants esp. for retention supports

Job seeker outcomes

- Significant gains across a broad range of outcomes
 - Essential Skills gains
 - Gains in career adaptability, attitudes towards learning, social support, self-esteem, self-care, and overall life satisfaction
 - Transitions to sustained employment for a substantial proportion
- Links between achievement of early milestones and later employment success
 - Tipping point milestones: numeracy and occupation-specific ES
 - But not all milestones were tipping points, and there was some redundancy in milestones
 - Some tipping points were not milestones (e.g. attitudes towards learning)

'Tipping point' milestones at large MB provider

Figure 1 Probability of getting hired, at different levels of Numeracy gain and OSES score



Next steps – understanding feasibility of implementing in varying contexts and at larger scale

- Given the data challenges and requirements associated with a milestone-based model, need to streamline the number of performance indicators
 - Focus on in-program tipping points associated with harder-to-measure post-program employment outcomes
- Need to better understand the conditions under which a milestone-based model may lead to success for a broad range of participants
 - Smaller providers less able to track long-term outcomes, difficult to establish evidence for tipping point milestones
 - Large provider: Identify potential alternative pathways taken by participants who left the sector-focused pathway? What are their tipping points?

Client progression through milestones at large MB provider

Outcomes among those who started training and received Employment Learning Plan (%)

