



Outcomes Based Contracting for HIT and Beyond

September 4, 2024

Outcomes Based Contracting

An innovative solution to maximizing fiscal responsibility while enhancing educational quality

TEA
September 4, 2024



Welcome



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Defining OBC

- A substantial part, at least **40%**, of payment to a service provider is **contingent** on meeting agreed upon **student outcomes**.
- OBC acts as a kind of guarantee that public dollars will deliver **academic impact**, even if providers take several attempts to achieve it.

OBC **empowers districts** to contract for clear student outcomes and compels mutual accountability for achieving them.

Defining OBC continued

- **Districts** and **providers** identify and commit to clearly defined outcomes.
- Districts set the price, building in provider incentive for **quality** and **innovation** in service of outcomes.

OBC **empowers districts** to contract for clear student outcomes and compels mutual accountability for achieving them.

Goals of OBC

- Spur innovation in instructional interventions that directly impact academic outcomes especially for students of color and those in low-income families
- Put pressure on current price of instructional interventions, ensuring sustainability of funding streams
- Shift the relationship between school districts and providers to be a partnership focused on advancing student learning.



Compelling Mutual Accountability



OBC requires a mindset shift from “How Much Does It Cost?” to “How Much Is It Worth?”

“We don’t buy services. We buy outcomes.”

Traditional Contracting

Payments Tied to Inputs & Outputs

In fixed-price, cost-reimbursement, and unit-price contracts, providers receive payment based on costs, student enrollments, and/or student completions

District Assumes Risk

District pays for services regardless of results

Price Based on Cost

Contract price is driven by provider costs and margin / profit

All Results Valued Equally

The value of the contract (and the District’s willingness to pay) is based on costs, regardless of outcomes achievement



Outcomes Based Contracting

Payments Tied to Outcomes

In OBC, providers receive some guaranteed portion of funding (base payment), and a portion of the funding is contingent on the achievement of a predetermined set of outcomes

District & Provider Share Risk

District does not pay full amount if desired and agreed upon results are not achieved

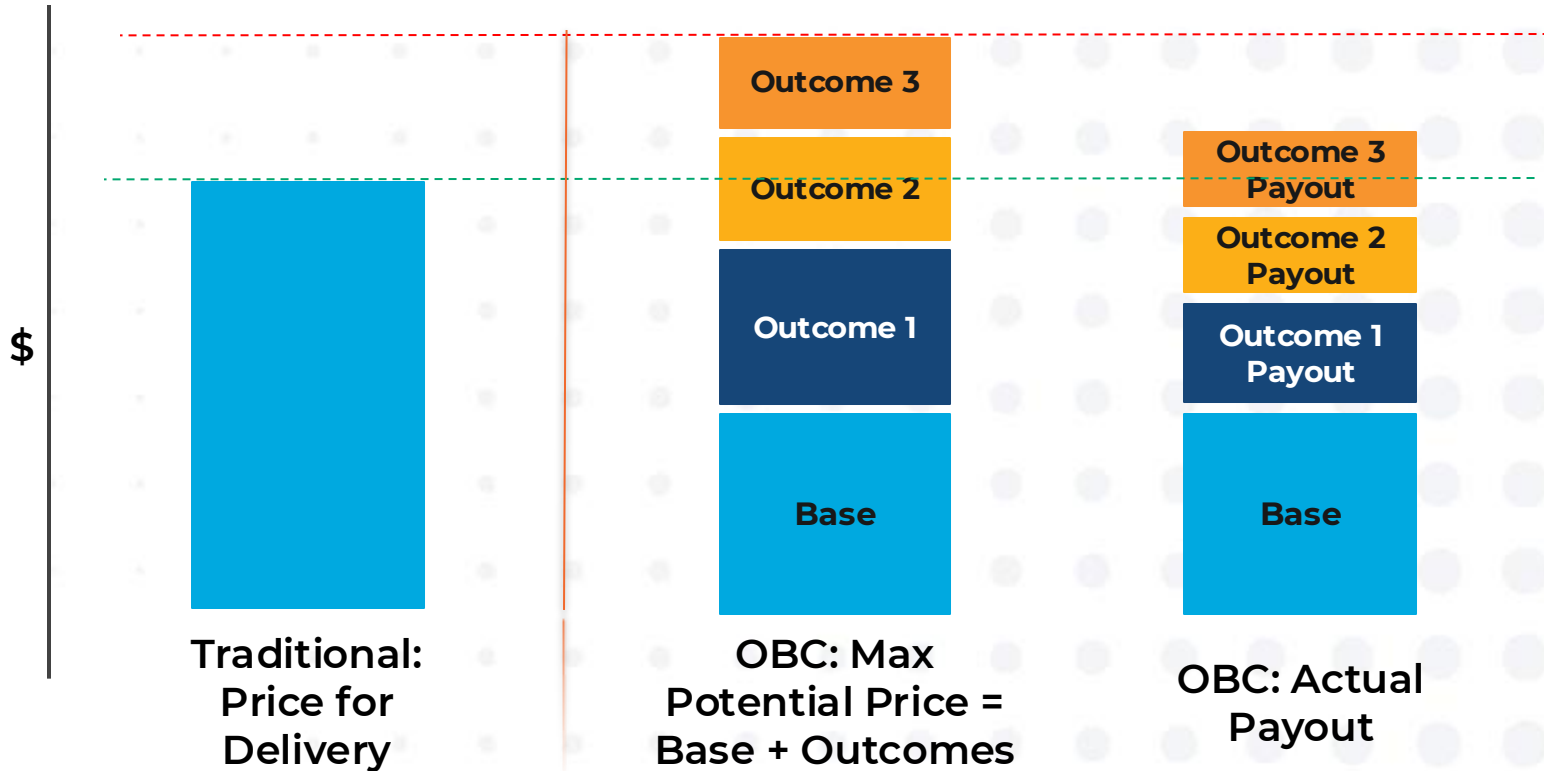
Price Driven by Value

Pricing takes cost and budget into account, but is more driven by willingness-to-pay

Opportunity to Incentivize Results

By weighting different outcomes and building in upside/bonus payments, Districts can drive a focus on the outcomes that matter most to them and reward providers accordingly

Traditional vs. Outcomes Based Pricing



Ector ISD OBC Project


- **Who:** Student in Grades 4-8; approximately 12,500 students
- **What:** Digital literacy platform to supplement the core curriculum
- **Why:** 2024-2025 School Year
- **District Priority:** Increase the percentage (32% to 60%) of students achieving or exceeding the meets standard on the state assessments by May 2025



Rate Card: Ector ISD



Rate Card: Grades 4-8			
Outcome	Metric	Price Per Outcome	Outcome Payment Cap
Typical Growth-MOY	MOY CGP of 50-65 on NWEA MAP Reading	\$1.84	\$19,920
High Growth- MOY	MOY CGP of 66+ on NWEA MAP Reading	\$6.64	\$39,840
Typical Growth-EOY	EOY CGP of 50-65 on NWEA MAP Reading	\$3.69	\$39,840
High Growth- EOY	EOY CGP of 66+ on NWEA MAP Reading	\$9.96	\$59,760
Gains- EOY	Increase of 1 Level from prior year on STAAR	\$9.49	\$39,840
Base Payment			
Base Payment	Paid on license activation for 3,000 students	\$16.60	\$199,200
Total:		\$48.22	\$398,400



*"It's not a plug and play
- it's a partnership, it's a
journey. You have to
shift your mindset."*

Dr. Colby Self,
Texas Education Agency

Areas Where OBC is Applicable

High-Impact Tutoring (HIT)
2022 Cohort - 2024 Cohort

EdTech Products
2024 Cohort







Curriculum-Based Professional Learning (CBPL)

Feasibility Report 2024
2025 Cohort

Areas Where OBC is Applicable

High-Impact Tutoring (HIT)	EdTech Products	Curriculum-Based Professional Learning (CBPL)
<ul style="list-style-type: none"> HIT is embedded in schools either during the school day or immediately before or after the school day. Tutoring sessions include a minimum of three sessions per week in small groups (3:1 student-tutor ratio). Students work with a consistent tutor who is supported by ongoing oversight and coaching. Materials are high quality and aligned with state standards. Data informs tutoring sessions. 	<p>EdTech products are defined as curricular-based technology materials that:</p> <ul style="list-style-type: none"> act as direct student interventions, contain standalone academic content, adaptively target individual student needs; and have the ability to track individual student usage. <p>Recommended use cases:</p> <ul style="list-style-type: none"> Intervention for specific student group (e.g. MTSS Tier 2) Core curriculum supplement for many/all, but intentional tracking and outcomes pricing for specific, like-performing student group 	<p>CBPL Feasibility Study found that:</p> <ul style="list-style-type: none"> It is feasible to pilot OBC for some CBPL services to strengthen the implementation of high-quality instructional materials. There is mutual interest from both districts and providers. <p>Recommendations:</p> <ul style="list-style-type: none"> Pilot OBC for CBPL contracts that provide Initial Implementation and/or Ongoing Implementation Support for Teachers. Develop clear minimum service requirements for all parties to create the conditions for effective CBPL.

Why OBC, Why Now?

	Although student outcomes have improved since COVID, there is still a significant journey ahead.
	Funding is a concern globally. In light of the ESSER cliff and declining enrollment, maximizing fiscal responsibility and the impact of investments is even more crucial for achieving academic success
	The OBC model strengthens the implementation of interventions, bringing them closer to their research-backed design.
	By holding both parties responsible for driving student success, OBC fosters a culture of mutual accountability and focused collaboration. This ensures that every effort is made to address learning gaps with clear expectations for achieving student outcomes.

Outcomes Based Contracting

**REGISTER
NOW**

**2024 OBC
ANNUAL
CONVENING**

September
23-25, 2024

The Holdsworth Center
Austin, TX

obc.southerneducation.org



**Want to learn
more? Join us at
this year's
convening!**

CLICK HERE



Outcomes Based Contracting

1ST ANNUAL PROVIDER SUMMIT

September
25-26, 2024

The
Holdsworth
Center
Austin, TX



obc.southerneducation.org

APPLY TODAY!

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Q & A



Contact Us



**Interested In
Learning
More about
OBC?**



at the Southern Education Foundation

Resources

Interested In Learning More?



OBC Toolkit

This toolkit is designed to deepen district understanding of OBC with tools for drafting, pricing, and implementation. Download the [toolkit](#) or review individual resources below.

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Contents

District Artifacts

Rate cards, case studies, contracts, and RFPs from districts using OBC serve as real-world examples and tools for districts interested in implementing OBC in their district.

SEF Website

OBC Resources



at the Southern Education Foundation

Thank you!



at the Southern Education Foundation



Upcoming Webinars

Upcoming Webinars

- **Introduction to High Impact Tutoring - Wednesday, September 11 from 2 P.M. to 3 P.M.**
 - This webinar will provide an overview of the research and best practices needed for setting up a High Impact Tutoring Program.
- **Texas Accelerated Instruction Requirements - Wednesday, September 18 from 2 P.M. to 3 P.M.**
 - Learn more about the requirements for meeting HB 1416. This includes the use of Teacher Incentive Allotment designated teachers and HB 1416 Ratio Waiver List providers.
- **High Impact Tutoring Supports - Wednesday, October 2 from 2 P.M. to 3 P.M.**
 - Learn more about the various supports available for High Impact Tutoring. This includes many of the tools to assist with the development and sustainability of a program.





Resources

The TEA Team



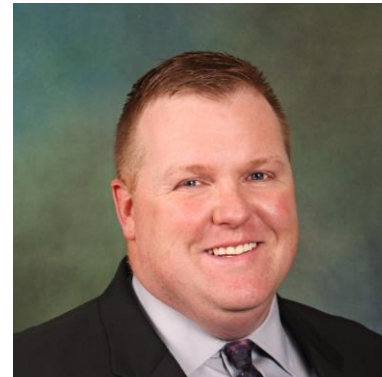
Alicia Garcia
Texas Tutoring & Content
Specialist



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Texas Tutoring Project
Specialist



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Texas Tutoring Specialist



Dr. Colby Self
Director of Texas
Tutoring Supports

Resources

- [Accelerated Instruction | Texas Education Agency](#)
- [HB 1416 Ratio Waiver List Products | Texas Education Agency](#)
- [HB 1416 FAQ \(texas.gov\)](#)

For additional questions:

- [Texas Tutoring Supports - Welcome to the TEA Help Desk](#)



Exit Ticket

https://tea.co1.qualtrics.com/jfe/form/SV_3n1cT5F8FBqgoOa

