Columbus, Ohio has consistently performed well on outcomes in the HEARTH Act, including reducing length of homelessness, new, repeat, and overall homelessness. The community’s lead Continuum of Care agency, the Community Shelter Board, uses several approaches to achieve these results including performance-based contracting. The following examples include contract language that may be used by any community wishing to encourage provider partners to improve and/or sustain a high level of performance.

Overview

In Columbus, performance-based contracts are used to encourage a high level of performance by providers, increase capacity to implement effective strategies to end homelessness, and shape the system’s performance to meet specific system needs. Community Shelter Board (CSB) allocates money for performance-based funding each year when it creates its programs and services budget.

While performance-based agreements could be used for many programs and services, Columbus uses them primarily for emergency and short-term/transitional shelter programs. Agreements also tend to focus on shortening length of homelessness and helping households access permanent housing more quickly and efficiently. For example, if Columbus experiences an increase in family homelessness and needs to increase the number and pace of families moving from shelter to housing, CSB may use performance-based contracts to “purchase” a higher number of “successful housing outcomes,” “successful exits,” or “new admissions” (defined below) from the relevant agencies. This practice ensures that performance payments are linked to relevant outcomes when they are most critical for system needs.

In general, CSB-funded agencies receive 80 to 100 percent of base operating funds in 12 monthly payments. At the beginning of each month, each agency receives its base funding for the current month’s operations (i.e., food, shelter, etc. but not the outcome-related intervention itself). Using the remaining operating funds, CSB purchases a certain number of desired outcomes and pays each month for the sum total of successful outcomes achieved in the previous month. For agencies, performance-based awards fill their remaining budget “gap” up to 100 percent of the overall contract amount if the agency received 80 percent of base operating funds, or up to 120 percent if the agency received 100 percent of base operating funds. Performance “bonuses” – funding that is greater than 100 percent of operating funds – are typically used when there is a higher than usual demand or need for a specific resource or activity in the homeless system (e.g. housing placement).

Base operating funds are paid as long as the agency meets the standards outlined in CSB’s Administrative and Program Standards and its contract, excluding the performance-based portion of the contract. If the agency fails to meet these standards, the agency has breached its contract and all funding is stopped. On the other hand, performance-based payments are capped to ensure that payments do not exceed the budget CSB previously set aside for performance awards. Performance is tracked in the CoC’s HMIS, and each agency agrees to an action plan to meet the goals outlined in its contract in a Performance Outcome Plan, which is appended to the contract. Contracts are negotiable.

Downloadable Tools
1. Columbus Performance Outcome Plan (POP) Overview
2. Columbus Performance Outcome Plan (POP) – Blank Sample
3. Columbus & Community Shelter Board Administrative and Program Standards

Additional Resources
Community Shelter Board Website
**Example 1: Successful Housing Outcomes**

### Summary

This excerpt is from a contract for short-term transitional shelter. The contract allocates 80 to 100 percent of funds for base operations and purchases performance-based “successful housing” outcomes with the remaining funds.¹

The goal of this portion of the contract is to incentivize the shelter to help their clients access permanent housing quickly.

### How it works

(a) This agency receives its base funding at the beginning of each month for the current month’s operations.

(b) Performance-based payments are also paid at the beginning of each month for the previous month for all households that were placed into permanent housing with a lease in their name. Performance payments are made until the agency reaches its Maximum Performance Amount (i.e., 100 percent of the contract).

(c) “Bonus” performance-based payments are awards over and above 100 percent of total operating/performance payments outlined in sections (a) and (b). This payment is used when there is an unusually high demand for this outcome based on the homeless population size and need. It is capped.

### Other uses

This contract can be modified to pay for performance on housing stability. For example, during the first 3 months after housing placement (or initial stabilization

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¹ Columbus defines “Successful Housing Outcome” as a household that exited shelter or transitional housing for permanent housing with a lease in their name or home ownership.
### Example 1: Successful Housing Outcomes

for prevention and diversion programs), many clients remain in the program and receive case management and services to stabilize them in housing. Performance payments could be paid fractionally for each of the following successful outcomes:

- Housing placement
- Housing stability in months 1, 2 and 3

This contract can also be modified for employment or education programs. For example, an agency may be paid for each client’s enrollment in and/or completion of a program or class. Performance payments or bonuses may be given for each client that becomes employed or increases his/her employment income by a certain amount.

(c) Additional Performance-Based Funding. In addition to the Performance Amount provided pursuant to Section 3(b) and after the Provider has received the Maximum Performance Amount pursuant to Section 3(b), during the Term of this Program Agreement and subject to the terms and conditions set forth herein, the Provider shall be entitled to receive additional funding in an amount equal to nine XXX per “additional successful housing outcome” (as defined below) (the “Additional Performance Amount”); provided, however, that the Provider shall not be entitled to receive an Additional Performance Amount greater than XXX (such amount, the “Maximum Additional Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(c) for a maximum amount of XXX additional successful housing outcomes). For purposes of this Section 3(c), an “additional successful housing outcome” is any successful housing outcome over and above the XXX successful housing outcomes. Each month (after the Provider has received the Maximum Performance Amount), CSB will determine the number of additional successful exits completed by the Provider for the preceding month, and the payment of any Additional Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Additional Performance Amount.

### Example 2: New Program Admissions and Successful Exits

**Summary**

This excerpt is from a contract for a short-term transitional shelter program. The contract allocates 80 to 100 percent of funds for base operations and purchases performance-based outcomes related to new admissions and successful exits with the remaining funds.  

The goal of this portion of the contract is to incentivize this agency to take on a greater and fairer share of homeless households in the system, relative to other agencies in the system. In order for this agency to take on its fair share of system capacity it must move clients from its transitional shelter program and into permanent housing (i.e. achieve a “successful housing outcome”) more quickly. For each household that “successfully”

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2 A “new admission” is defined as a household that enters the program. A “successful exit” is the transfer of the household from shelter to a “successful housing outcome” as defined above.
Example 2: New Program Admissions and Successful Exits

exits” this program, a “newly admitted” household can be served in its place.

How it works

(a) This agency receives its base funding at the beginning of each month for the current month’s operations.
(b) Performance-based payments are paid at the beginning of each month for the previous month for all the new households admitted into the program and all the households that were placed into permanent housing with a lease in their name. Performance payments are made until the agency reaches its Maximum Performance Amount (i.e., 100 percent of the contract).
(c) “Bonus” performance-based payments are awards over and above 100 percent of total operating/performance payments outlined in sections (a) and (b). This payment is used when there is an usually high demand for this outcome based on the homeless population size and need. It is capped.

Other uses

This language can be inserted into an updated contract and used in conjunction with a Quality Improvement Intervention.

It can also be used with a prevention or diversion program. If the performance payments are benchmarks or outcomes achieved only during the time the household is with the program.

(as defined below) and XXX per “successful exit” (as defined below) (the “Performance Amount”); provided, however, that in no event shall the Provider be entitled to receive a Performance Amount greater than XXX (such amount, the “Maximum Performance Amount”). For purposes of this Section 3(b), a “new admission” is a family that enters the “program”, and a “successful exit” means the transfer of a household from the “program” into a successful housing outcome. Each month, CSB will determine the number of new admissions and successful exits completed by the Provider for the preceding month, and the payment of such Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Performance Amount. If, at any time after CSB has paid the Provider a Performance Amount, CSB determines that the Provider was paid an amount in excess of what it was entitled to receive (such amount, the “Excess Amount”), CSB shall notify the Provider of the same, and the Provider agrees either (i) to promptly return to CSB the Excess Amount, or (ii) that CSB may withhold an amount equal to the Excess Amount from any future Performance Amount due the Provider.

(c) Additional Performance Based Funding. In addition to the Performance Amount provided pursuant to Section 3(b) and after the Provider has received the Maximum Performance Amount pursuant to Section 3(b), during the Term of this Program Agreement and subject to the terms and conditions set forth herein, the Provider shall be entitled to receive additional funding in amount equal to XXX per “additional new admission” and XXX per “additional successful housing outcome” (as defined below) (the “Additional Performance Amount”); provided, however, that the Provider shall not be entitled to receive an Additional Performance Amount greater than XXX (such amount, the “Maximum Additional Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(c) for a maximum amount of XXX new admissions and a maximum amount of XXX successful housing outcomes). For purposes of this Section 3(b), an “additional new admission” is any new admission over and above the XXX new admissions and an “additional successful housing outcome” is any successful housing outcome over and above the XXX successful housing outcomes. Each month (after the Provider has received the Maximum Performance Amount), CSB will determine the number of additional successful exits completed by the Provider for the preceding month, and the payment of any Additional Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Additional Performance Amount.
Example 3: Successful Transition Applications & Successful Housing Outcomes

Summary

This excerpt is from a contract for a shelter program. The contract allocates 80 to 100 percent of funds for base operations and purchases performance-based outcomes related to successful transition applications and successful housing outcomes with the remaining funds.¹

The goal of this portion of the contract is to incentivize this agency to achieve “successful housing outcomes,” as defined above. The agency will be able to achieve this by speeding up its process for helping clients complete their applications for rental assistance with CSB. CSB pays its portion of the rent or other financial assistance to the landlord directly, which helps provider agency achieve a successful housing outcome. Additionally, this incentive will help the agency avoid keeping clients in shelter too long in order to resolve non-housing related barriers.

How it works

(a) This agency receives its base funding at the beginning of each month for the current month’s operations.

(b)(i) Performance-based payments are paid at the beginning of each month for all households that successfully completed a transition application and, separately, all households that were placed into permanent housing with a lease in their name.

Section 3. Award of Funds.

(a) **Base Funding.** During the Initial Term of this Partnership Agreement and subject to the terms and conditions set forth herein, CSB hereby awards the Provider the sum of XXX (the "Base Amount"). The specific sources and designations of the Base Amount are set forth in the funding chart attached hereto as Schedule 1. CSB shall pay to the Provider the aggregate sum of the Base Amount in monthly installments in accordance with the attached Schedule 1. CSB shall pay to the Provider any Base Amount not paid in monthly installments pursuant to monthly invoices in substantially the form found in the Guide to CSB. Notwithstanding Section 17(a) of the Master Provider Agreement, (i) CSB may modify the specific sources and designations of the Base Amount set forth on Schedule 1 at any time in its sole discretion and will promptly notify the Provider of any such modification and (ii) CSB may, in its sole discretion, reduce that portion of the Base Amount not used by the Provider within the period designated for use of such portion of the Base Amount set forth in the attached Schedule 1 and will promptly notify the Provider of any such reduction. The Provider agrees to promptly return to CSB any portion of the Base Amount it receives but has not used.

(b) **Performance Based Funding**

(i) **Application Payments.** In addition to any other funding received pursuant to this Section 3, during the Initial Term of this Partnership Agreement and subject to the terms and conditions set forth herein, the Provider shall be entitled to receive funding in an amount equal to XXX per “successful transition application” (as defined below) (the “Application Performance Amount”); provided, however, that in no event shall the Provider be entitled to receive an Application Performance Amount greater than XXX (such amount, the “Maximum Application Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(b)(i) for a maximum amount of XXX successful transition applications). For purposes of this Section 3(b)(i), a “successful transition application” is an application that has been approved and paid by CSB in its sole discretion. Each month, CSB will determine the number of successful transition applications completed by the Provider for the preceding month, and the payment of such Application Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Application

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¹ A “successful transition application” is an (housing-related) application for financial assistance (e.g. first month’s rent and security deposit) that has been approved and paid by CSB in its sole discretion. By focusing on approvals that are decided solely by CSB, CSB avoids penalizing the agency for processes over which neither CSB nor the provider shelter has control.
### Example 3: Successful Transition Applications & Successful Housing Outcomes

**Performance Based Payments.** The Provider shall be entitled to receive funding in an amount equal to XXX per “successful housing outcome” (as defined below) (the “Performance Amount”); provided, however, that in no event shall the Provider be entitled to receive a Performance Amount greater than XXX (such amount, the “Maximum Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(b)(ii) for a maximum amount of XXX successful housing outcomes). For purposes of this Section 3(b)(ii), a “successful housing outcome” means the transfer of a family from Provider into a successful housing outcome. Each month, CSB will determine the number of successful housing outcomes completed by the Provider for the preceding month, and the payment of such Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Performance Amount. If, at any time after CSB has paid the Provider a Performance Amount, CSB determines that the Provider was paid an amount in excess of what it was entitled to receive (such amount, the “Excess Amount”), CSB shall notify the Provider of the same, and the Provider agrees either (i) to promptly return to CSB the Excess Amount, or (ii) that CSB may withhold an amount equal to the Excess Amount from any future Application Performance Amount due the Provider.

(b)(ii) “Bonus” performance-based payments are awards over and above 100 percent of total operating/performance payments outlined in sections (a) and (b). This payment is used when there is an unusually high demand for this outcome based on the homeless population size and need. It is capped.

**Other uses**

This contract can be modified for other income-benefits related applications or housing-related applications in circumstances where the agency forwarding the application and the agency managing the application are both managed or overseen by the same entity.

For example, a local Department of (Health and) Human Services may manage both the homeless assistance system and TANF benefits. This contract could be modified to incentivize family shelters to help clients complete their applications for TANF benefits more quickly (and correctly).

In a slightly different model, in cases where the lead CoC agency shares a strong relationship with the housing authority, the mental health agency, or the social security administration, this language could be inserted into a contract to help programs and partner agencies process housing and benefits applications more quickly. (This works only in cases where there is clear accountability for the application

(c) **Additional Performance-Based Funding.** In addition to the Performance Amount provided pursuant to Section 3(b)(ii) and after the Provider has received the Maximum Performance Amount pursuant to Section 3(b)(ii), during the Term of this Program Agreement and subject to the terms and conditions set forth herein, the Provider shall be entitled to receive additional funding in an amount equal to XXX per “additional successful housing outcome” (as defined below) (the “Additional Performance Amount”); provided, however, that the Provider shall not be entitled to receive an Additional Performance Amount greater than XXX (such amount, the “Maximum Additional Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(c) for a maximum amount of XXX additional successful housing outcomes). For purposes of this
<table>
<thead>
<tr>
<th>Example 3: Successful Transition Applications &amp; Successful Housing Outcomes</th>
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<td>process and in systems where the application processes are well-integrated.)</td>
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<tr>
<td>Section 3(c), an “additional successful housing outcomes” is any successful housing outcome over and above the XXX successful housing outcomes. Each month (after the Provider has received the Maximum Performance Amount), CSB will determine the number of additional successful exits completed by the Provider for the preceding month, and the payment of any Additional Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Additional Performance Amount.</td>
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<th>Example 4: Successful Exits</th>
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<tr>
<td><strong>Summary</strong></td>
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<tr>
<td>This excerpt is from a contract for a rapid re-housing program. The contract is 100 percent performance-based; therefore, the agency does not receive any “guaranteed” base payments for daily operations.</td>
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<tr>
<td>The goal of this portion of the contract is to incentivize this agency to successfully exit households from the program to a successful housing outcome, as defined above.</td>
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<tr>
<td><strong>How it works</strong></td>
</tr>
<tr>
<td>(a) Performance-based payments are paid at the beginning of each month for the previous month for all households that were placed into permanent housing with a lease in their name. Performance payments are made until the agency reaches its Maximum Performance Amount (i.e., 100 percent of the contract). Performance-based payments cover all operational expenses for this program (e.g., units, food, rapid re-housing, etc.)</td>
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<td>(b) “Bonus” performance-based payments are awards over and above 100 percent of total operating/performance payments outlined in sections (a) and (b). This payment is used when there is an usually high demand for this outcome based on</td>
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<tr>
<td>Section 3. Award of Funds.</td>
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<tr>
<td>(a) <strong>Performance Based Funding</strong> During the Initial Term of this Partnership Agreement and subject to the terms and conditions set forth herein, the Provider shall be entitled to receive funding in an amount equal to XXX per “Successful Exit” (as defined below) (the “Performance Amount”); provided, however, that in no event shall the Provider be entitled to receive a Performance Amount greater than XXX (such amount, the “Maximum Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(a) for a maximum amount of XXX Successful Exits). For purposes of this Section 3(a), a “Successful Exit” is a successful exit from the shelter to The Provider program. Each month, CSB will determine the number of successful exits for the preceding month, and the payment of such Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Performance Amount. If, at any time after CSB has paid the Provider a Performance Amount, CSB determines that the Provider was paid an amount in excess of what it was entitled to receive (such amount, the “Excess Amount”), CSB shall notify the Provider of the same, and the Provider agrees either (i) to promptly return to CSB the Excess Amount, or (ii) that CSB may withhold an amount equal to the Excess Amount from any future Performance Amount due the Provider.</td>
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<tr>
<td>(b) <strong>Additional Performance Based Funding</strong> In addition to the Performance Amount provided pursuant to Section 3(a) and after the Provider has received the Maximum Performance Amount pursuant to Section 3(a), during the Term of this Program Agreement and subject to the terms and conditions set forth herein, the Provider shall be entitled to receive additional funding in amount equal to nine XXX per “additional successful exit” (as defined below) (the “Additional Performance Amount”); provided, however, that the Provider shall not be entitled to receive an Additional Performance Amount greater than XXX (such amount, the “Maximum Additional Performance Amount”) (e.g., the Provider can receive funding pursuant to this Section 3(b) for a maximum amount of XXX additional successful exits). For purposes of this Section 3(b), an “additional successful exit” is any successful housing outcome over and above the XXX successful exits permitted by Section 3(a). Each month (after the Provider has received the Maximum Performance Amount), CSB will</td>
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the homeless population size and need. It is capped.

**Other uses**

One-hundred percent performance-based contracts should be used only for programs in which the program can fully control its performance outcome (e.g., rapid re-housing programs). No program will meet 100 percent of its performance goals 100 percent of the time; however, this funding model has been used successfully in Columbus for three years.

determine the number of additional successful exits completed by the Provider for the preceding month, and the payment of any Additional Performance Amount due the Provider will be made by CSB on the last day of the month in which such determination is made, until the time in which the Provider has received the Maximum Additional Performance Amount.