

Schedule D

Calculation of Success Payments

SFI will calculate Success Payments and provide an invoice to the Operating Committee for verification according to the timeline outlined in Schedule B. Success Payments will be based on the Final Outcomes measured according to Schedule C. In case of any inconsistency between this Schedule D and Appendix A to this Schedule D, Appendix A shall control.

References to quarters in this Schedule D refer to calendar quarters following the Service Commencement Date; provided that the first quarter will begin on the Service Commencement Date and will end on March 31, 2017.

Section 1: Calculation of Success Payments

Upon the receipt of a Final Outcomes Report, and for each Program Track for which Final Outcomes were measured in such Report, SFI will conduct the following.

- (a) Calculate **Public Value per Final Outcome** as described in Table 1. This value cannot be less than zero. For clarity, if during the quarter no measurement occurred for a Program Track, no Public Value will be calculated for the relevant associated Final Outcome.

Table 1: Calculation of Public Value per Final Outcome

Final Outcome	Price Per Outcome	Public Value
Program Engagement	\$400	Program Engagement Final Outcome x \$400
Rapid Employment	\$2	Rapid Employment Final Outcome x Rapid Employment Matured Participants with PFS Identifier x \$2 x 90%
Occupational Skills Training	\$2	Skills Final Outcome x Skills Matured Participants with PFS Identifier x \$2
English for Advancement	\$2	EFA Final Outcome x English for Advancement Matured Participants in Treatment Group with PFS Identifier x \$2
Bridges	\$4.17	Bridges Final Outcome x Bridges Enrolled Participants with PFS Identifier x \$2,400 implied career benefit x \$4.17

- (b) For each Public Value calculated, subtract cumulative Incremental Values from all prior measurement periods for that Final Outcome. This difference will equal the **Incremental Value per Final Outcome**. If the Incremental Value per Final Outcome is less than zero, replace with zero.
- (c) Sum the Incremental Value per Final Outcome for all Final Outcomes measured to get the **Total Public Value** for such quarter.
- (d) Success Payment for each quarter within an applicable Measurement Period will be

- i. 100% of Total Public Value for such quarter until cumulative Success Payments total \$14,000,000 (inclusive of any prior Success Payments); and
- ii. 10% of the Total Public Value for such quarter thereafter, until cumulative Success Payments, inclusive of Section 1(d)(i) and any prior Success Payments, reach the maximum total success payment of \$15,000,000.

Example:

Final Outcome	Public Value Current Measurement Period	Cumulative Incremental Value, Prior Measurement Periods	Incremental Value per Outcome Current Measurement Period
Rapid Employment	\$7,600,000	\$7,000,000	\$600,000
Occupational Skills Training	\$3,180,000	\$3,000,000	\$180,000
Bridges to College	\$0	\$0	\$0
English for Advancement	\$3,500,000	\$3,000,000	\$500,000
Program Engagement	\$570,000	\$400,000	\$170,000
Total Public Value	\$1,450,000		
<i>Prior Success Payments</i>	<i>\$13,400,000</i>		
<i>Available Success Payments</i>	<i>\$1,600,000</i>		
Success Payment Current Measurement Period	100% * (\$14M - \$13.4M) + 10% * (\$1.45M + \$13.4M - \$14M) = \$685,000 \$685,000 < \$1,600,000; therefore pay \$685,000		

Section 2: Early Success Payment

In the event of early termination pursuant to Article 8 of PFS Contract and if an Early Success Payment is required, SFI will calculate an Early Success Payment according to Section 5.3 of Schedule E.

Appendix A: Formulas

Period [x] Incremental Program Engagement Value

$$= \text{Period [x] Program Engagement Final Outcome} \times \$400 \\ - \sum_{i=1}^{X-1} \text{Period i Incremental Program Engagement Value}$$

Period [x] Incremental Rapid Employment Value

$$= \max \left(\max(\text{Period [X] Rapid Employment Final Outcome} \right. \\ \times \text{Period [X] Rapid Employment Matured Population with PFS Identifier} \\ \left. \times \$2 \times 90\%, \$0) - \sum_{i=1}^{X-1} \text{Period i Incremental Rapid Employment Value, } \$0 \right)$$

Period [x] Incremental Skills Training Value

$$= \max \left(\max(\text{Period [X] Skills Training Final Outcome} \right. \\ \times \text{Period [X] Skills Training Matured Population with PFS Identifier} \times \$2, \$0) \\ \left. - \sum_{i=1}^{X-1} \text{Period i Incremental Rapid Employment Value, } \$0 \right)$$

Period [x] Incremental English for Advancement Value

$$= \max \left(\max(\text{Period [X] English for Advancement Final Outcome} \right. \\ \times \text{Period [X] English for Advancement Matured Population in Treatment Group with PFS Identifier} \\ \left. \times \$2, \$0) - \sum_{i=1}^{X-1} \text{Period i Incremental English for Advancement Value, } \$0 \right)$$

Period [X] Incremental Bridges to College Value

$$= \text{Period [X] Bridges Final Outcome} \\ \times \text{Bridges Enrolled Participants with PFS Identifier} \times \$2,400 \text{ implied career benefit} \\ \times \$4.17$$

Period [X] Success Payment

$$\begin{aligned}
&= \min \left(\min \left(\text{Period [X] Total Public Value, } \max \left(\$14,000,000 \right. \right. \right. \\
&\quad \left. \left. \left. - \sum_{i=1}^{X-1} \text{Period i Success Payment, } \$0 \right) \right) \right) \times 100\% \\
&\quad + \max \left(\text{Period [X] Total Public Value} + \sum_{i=1}^{X-1} \text{Period i Success Payment} \right. \\
&\quad \left. - \$14,000,000, \$0 \right) \times 10\%, \$15,000,000 - \sum_{i=1}^{X-1} \text{Period i Success Payment} \left. \right)
\end{aligned}$$