

Pay for Success

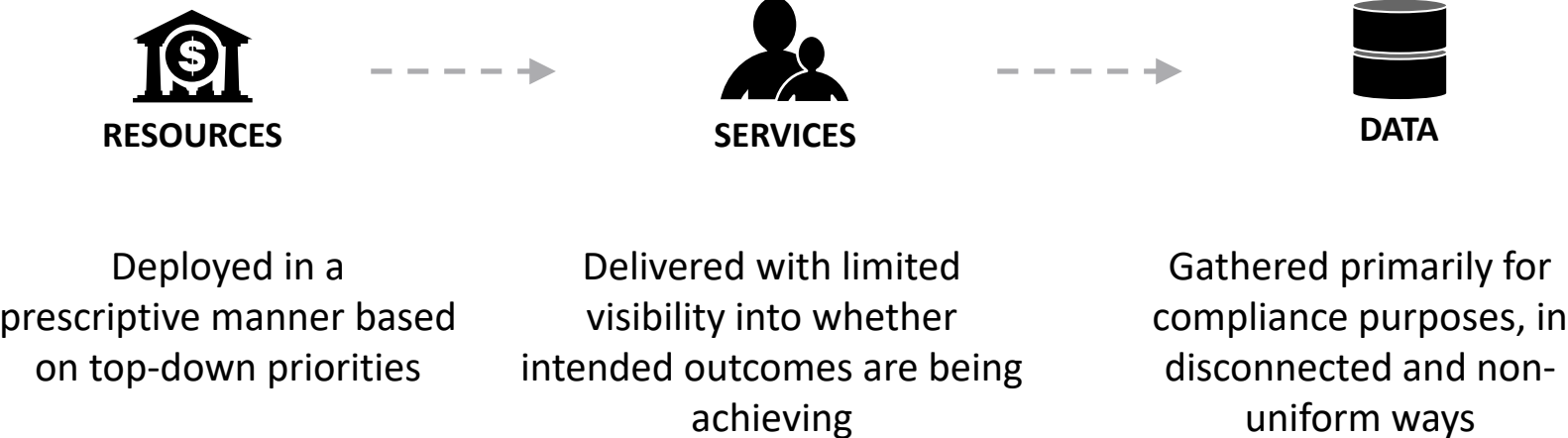
A Transition to Outcomes Orientated Contracting

NCCD Conference on Children, Youth, & Families

October 6, 2016

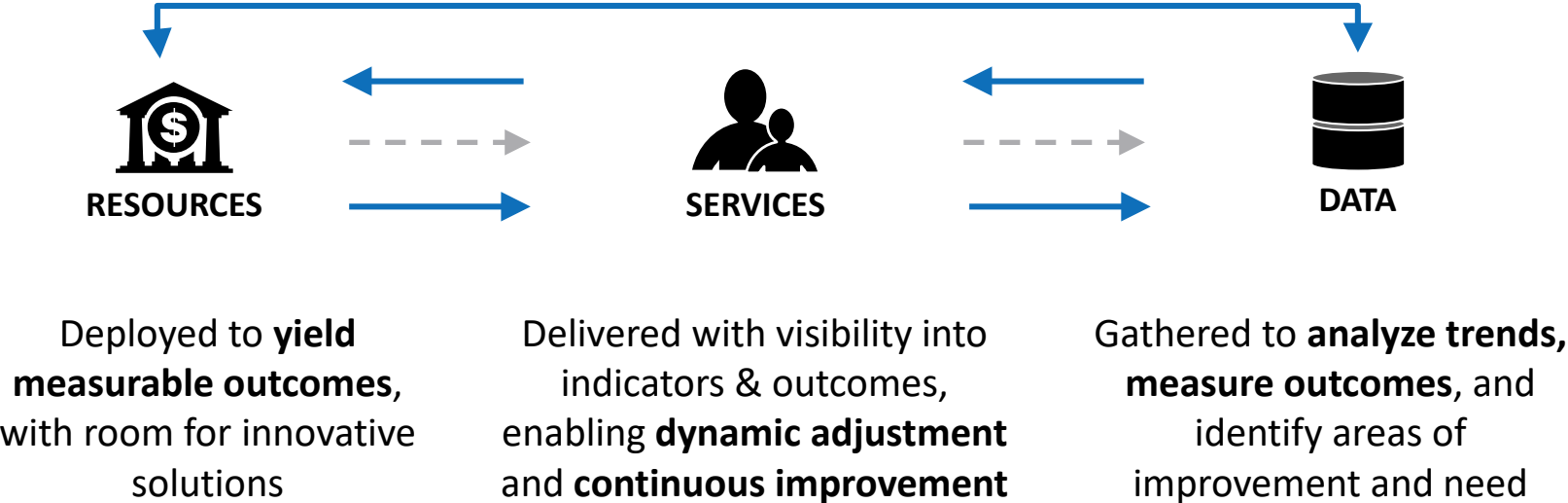
Traditional contracting models create one-way flows of information

Traditional Social Sector Delivery Model



New data feedback loops can align incentives to achieve better outcomes

Potential Social Service Delivery Model

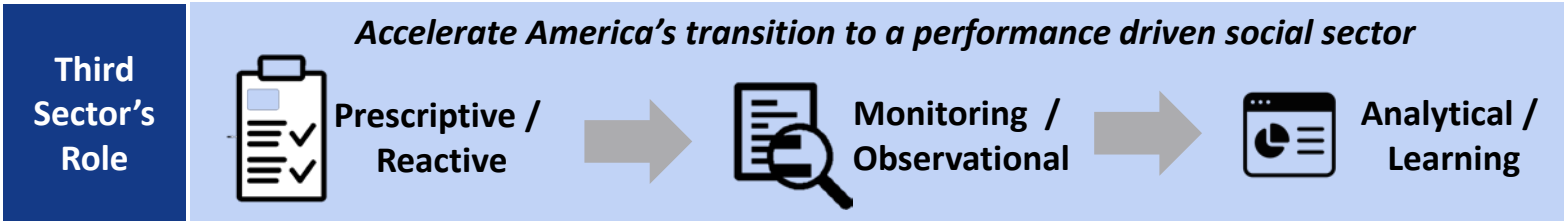


Information Flows
 Traditional - - -
 Future ———

Third Sector helps form outcomes-oriented contracts that best deploy existing resources for those in need



Third Sector
capital partners



Pay for Success (PFS) is a tool to accelerate outcomes-orientated contracting



Pay for Success is a form of **performance-based contracting** where an entity (*often a government*) agrees to **pay for outcomes achieved** (*rather than on a fee for service basis*).

Core elements:

- A clearly defined target population experiencing adverse outcomes
- An intervention that can improve the selected outcomes for the target population
- Rigorous evaluation of intervention's impact on the selected outcomes
- Payments linked to performance on the selected outcomes

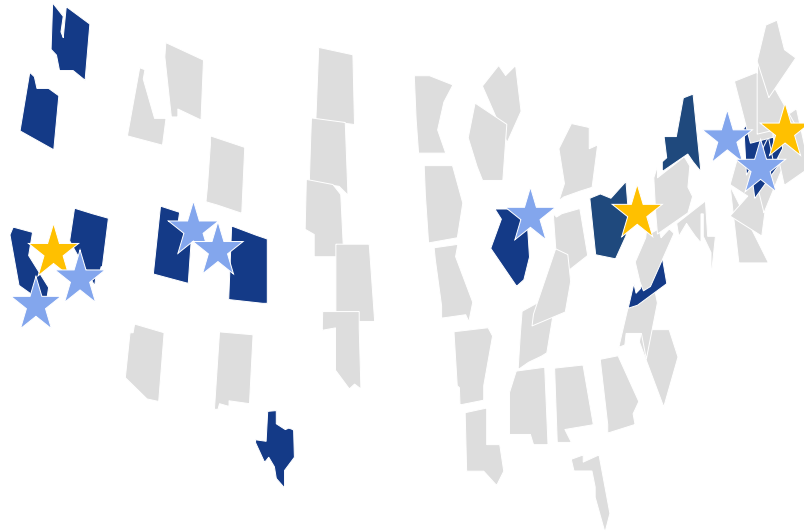


3rd Party Funding is a way to bridge timing gap between government payments and the upfront capital needed to run PFS programs.

- Financing is also referred to as “Social Impact Bonds”
- Not a requirement for a PFS project

Third Sector has been driving PFS momentum across the country

*There are nearly 60 launched PFS projects world wide, with 11 in the US.
Since 2011, Third Sector's community-level engagements include:*



35+

Consulting Engagements
Community-level changes
to improve societal outcomes

7

PFS Projects in Development
Actively negotiating outcomes-based
contracts & building necessary systems

3

Launched PFS Contracts
Self sustaining efforts
with government end-payments

Project Overview: Cuyahoga County, Ohio

Reconnecting foster children with caregivers in stable, affordable housing

*Each year, approximately 2,000 mothers enter the Cuyahoga County Homeless System.
About 30% who have an open case with the Department of Child and Family Services (DCFS)*

76%

More time spent by children of multi-need mothers in foster care than their peers

Data Analysis



1,060

Total project eligible children of homeless mothers¹

1,166

Average foster care days associated per mother²

\$70

Average foster care costs per child per day incurred by the County for out-of-County placement

\$45 million

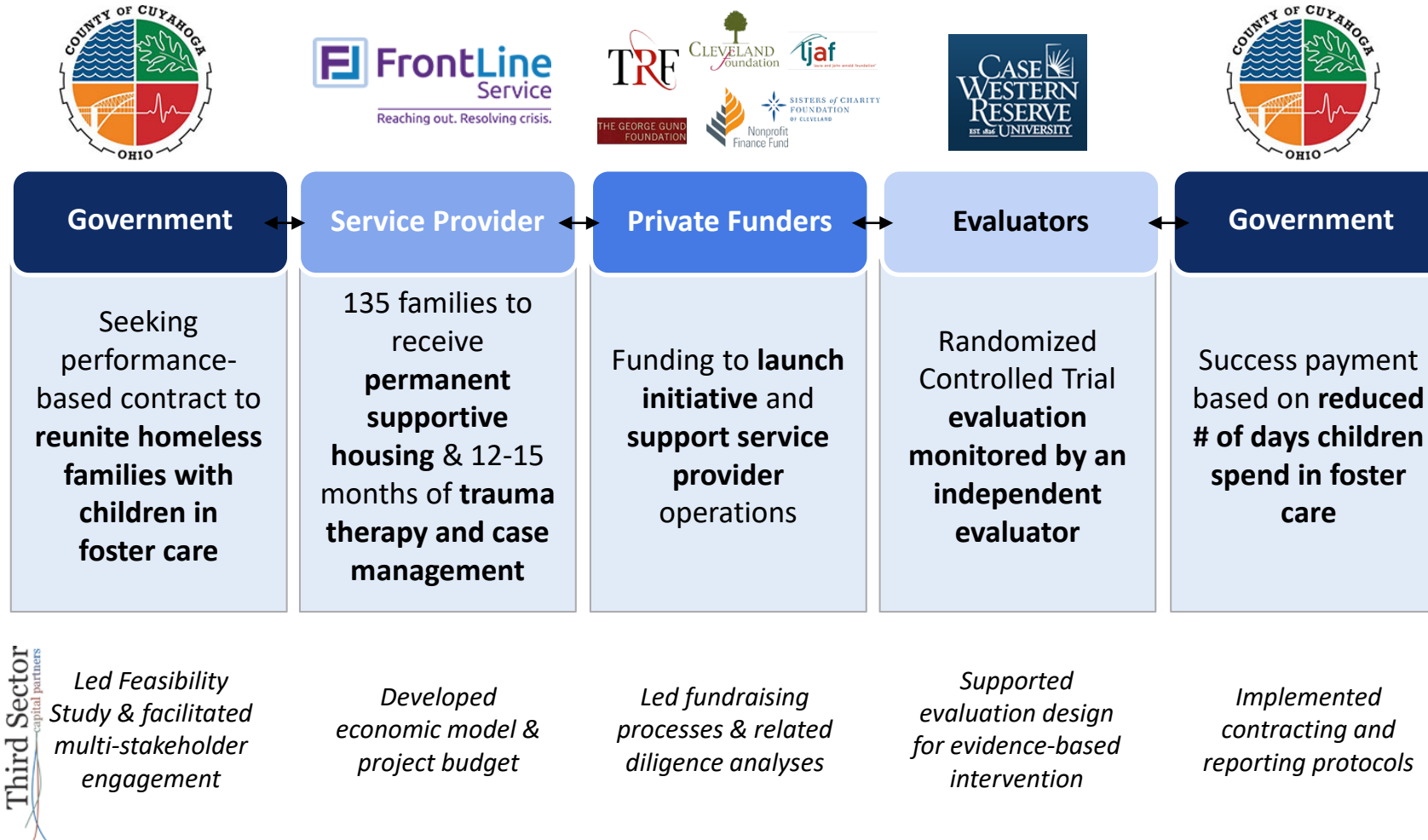
Total estimated gross savings to the County over a 6-year period²

(1) Population of 558 mothers, aged 18-54, with children placed in OHP at time of intake (excluding initial permanent custody) and/or with children not yet placed, considered "at risk" over 6 years

(2) Aggregated across her children over a 6 year period; Length of stay days associated with children in the high-risk target population of this project, not with average children in DCFS

Project Overview: Cuyahoga County, Ohio

Using PFS to help reunite families



Project Overview: Cuyahoga County, Ohio

PFS integrated existing county resources to align incentives with outcomes

First PFS project in the combined areas of homelessness and child welfare



Services



Housing



Impact



Decrease **days children of homeless families spend in foster care placement** by >25%

Other Key Outcomes

- Housing stability 3-6 months
- Reduced trauma symptoms
- Safe reunification of families

Evaluation

Randomized Controlled Trial

Funding & Success Payments

Upfront Funding

\$4mm in upfront funding from private and philanthropic funders

Success Payments

\$5mm in maximum success payments from the County

Third Sector equips communities with the know-how to ask questions that promote continuous learning & create incentives to achieve better outcomes

Technical Assistance: Thought-Partnership



What additional learning and capacity would governments and service providers require?

**Third Sector Capital Partners, Inc.
Boston, San Francisco, & Washington DC**

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NCCD | National Council on
Crime & Delinquency

New Ways to Pay for Child Welfare and Juvenile Justice

Deirdre O'Connor, Associate Director of Strategic Initiatives, NCCD



Just and equitable systems.
Research. Policy. Practice.



NCCD and Pay for Success



- Evidence-based
- Data-driven
- Innovative
- Local impact

Feasibility Assessment

Target Population

- Who should we be most worried about?
- Who should we keep out of the system?
- Who is currently receiving resources without a strong likelihood of positive outcomes?

Logic Model

- How should we intervene?
- What is our theory of change?
- What evidence are we using to support that theory of change?
- What would the intervention look like?

Projecting Impact

- What is an achievable scale for the intervention?
- What is the potential social impact?

Cost-Benefit Analysis

- What would it cost to implement at scale?
- Potential short- and long-term savings?
- What are the other potential benefits?

Foundations for Success

- Leaders across systems committing resources to improving outcomes across systems
- Data, data, data
- Commitment to evaluating program design and implementation
- Incentivizing success



Where are the opportunities?



- Every Student Succeeds Act
- Performance Pilot Partnerships
- SIF grantee competitions
- Local leaders

Thank you!

For more info, visit www.nccdglobal.org or contact Deirdre O'Connor, Associate Director of Strategic Initiatives, at DOConnor@nccdglobal.org or (800) 306-6223.

FR1ENDS of the CH1LDREN

NCCD Conference on Children, Youth,
and Families
October 6, 2016

Susan Walsh, Ph.D.
Director of Research
& Strategic Impact



20+ Years of Proven Results



SUCCESS IN SCHOOL

85% of our youth earn a HS diploma or GED;
50% have a parent who did not



AVOID JUVENILE JUSTICE SYSTEM

97% avoid the juvenile justice system;
60% have a parent who has been incarcerated



AVOID EARLY PARENTING

98% avoid early parenting;
85% were born to a teen parent

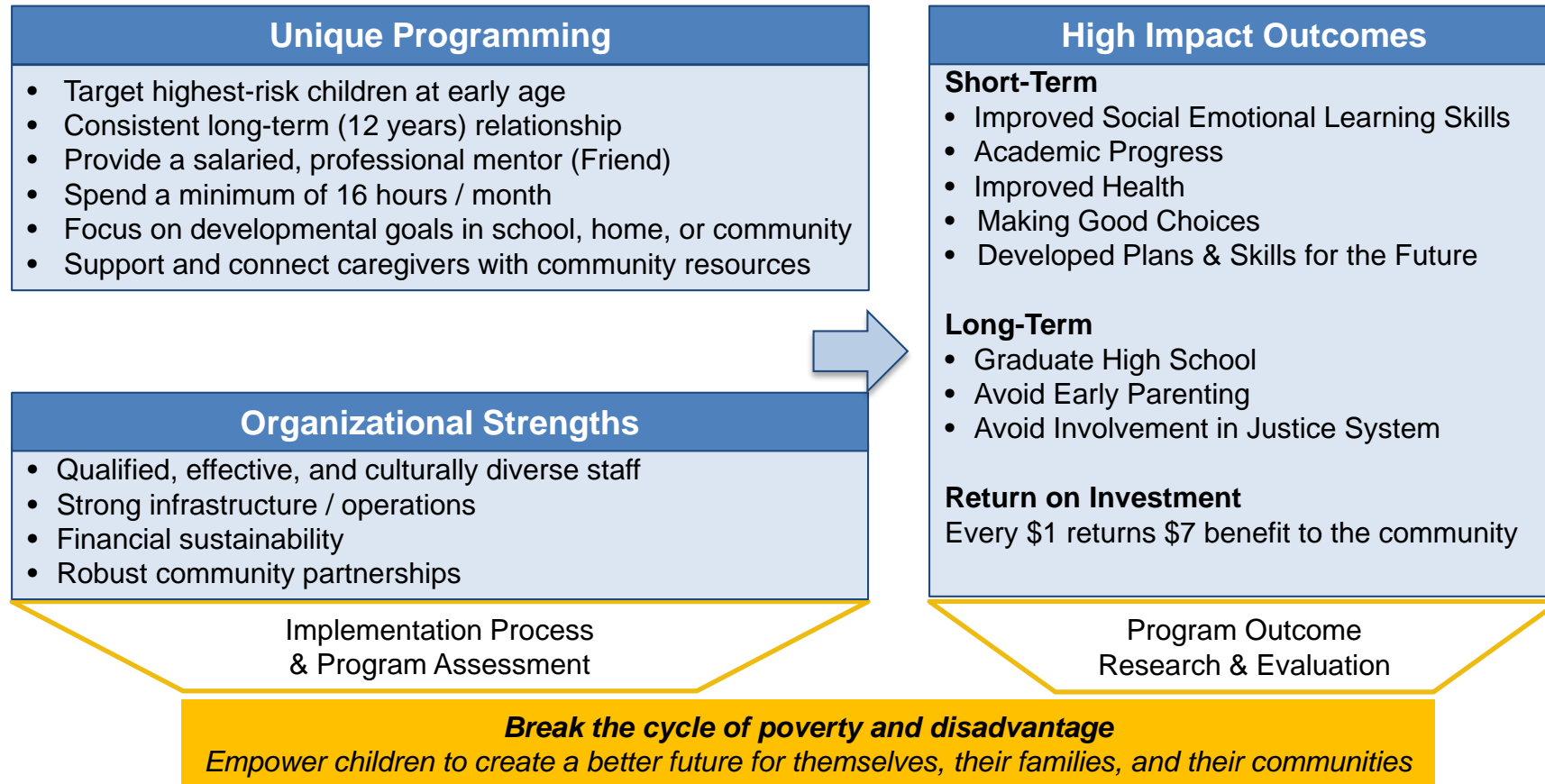
Operating Model

- 1 Select highest-risk children at ages 5 and 6
- 2 Employ salaried, professional mentors that we call “Friends”
- 3 Commit to each child from kindergarten through graduation *12½ years. No matter what.*
- 4 Focus on transforming youth outcomes in *school, home, & community*
- 5 Evaluate, measure, and improve outcomes

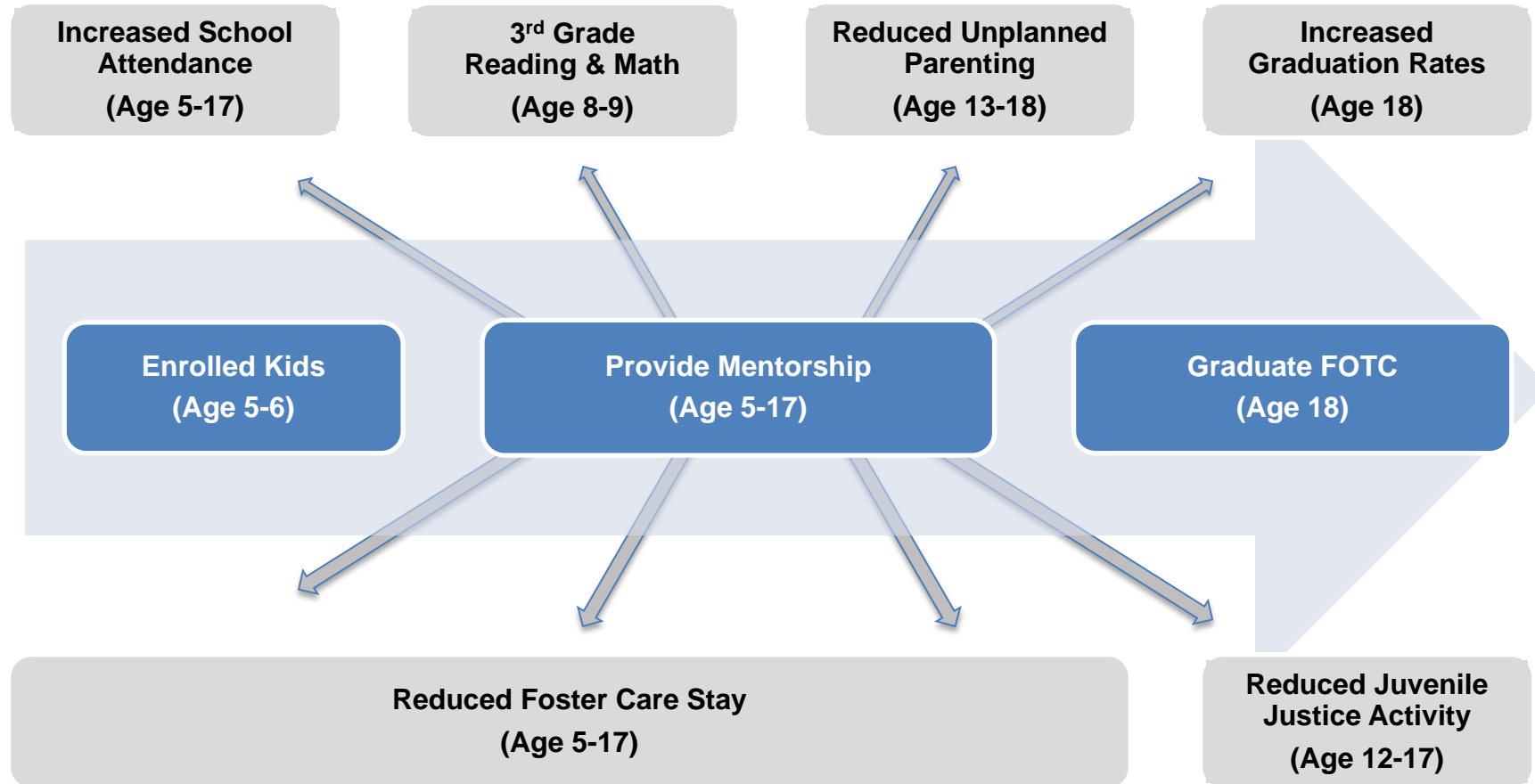


Currently engaged with over 1,000 children in 5 states & the UK

Logic Model



Outcomes Impact Various Social Areas & Timescales



Oregon Youth Overview

Portland Location Overview

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Portland

Founded in 1993, currently serving over
425 children in Portland and Klamath Falls

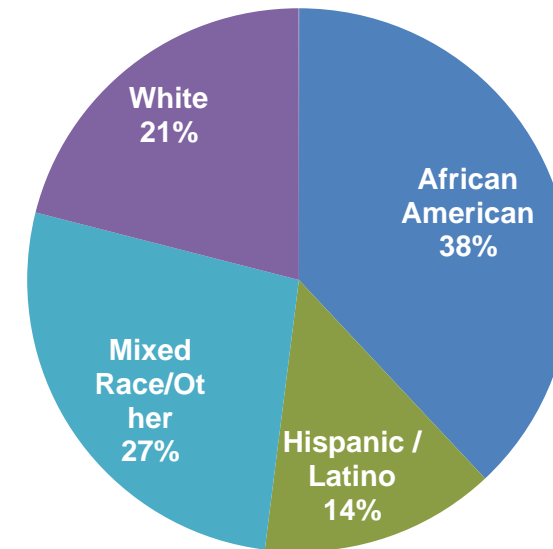


Enrolled Children Demographic Profile

Risk Factors:

- 90% qualify for free/reduced lunch
- 83% are raised by a single parent
- 63% have at least one parent who did not complete high school
- 53% have a parent with substance abuse problems
- 50% have a parent who has been incarcerated
- 41% have been impacted by domestic violence
- 33% are or have been in foster care

Racial / Ethnic Identities of Children

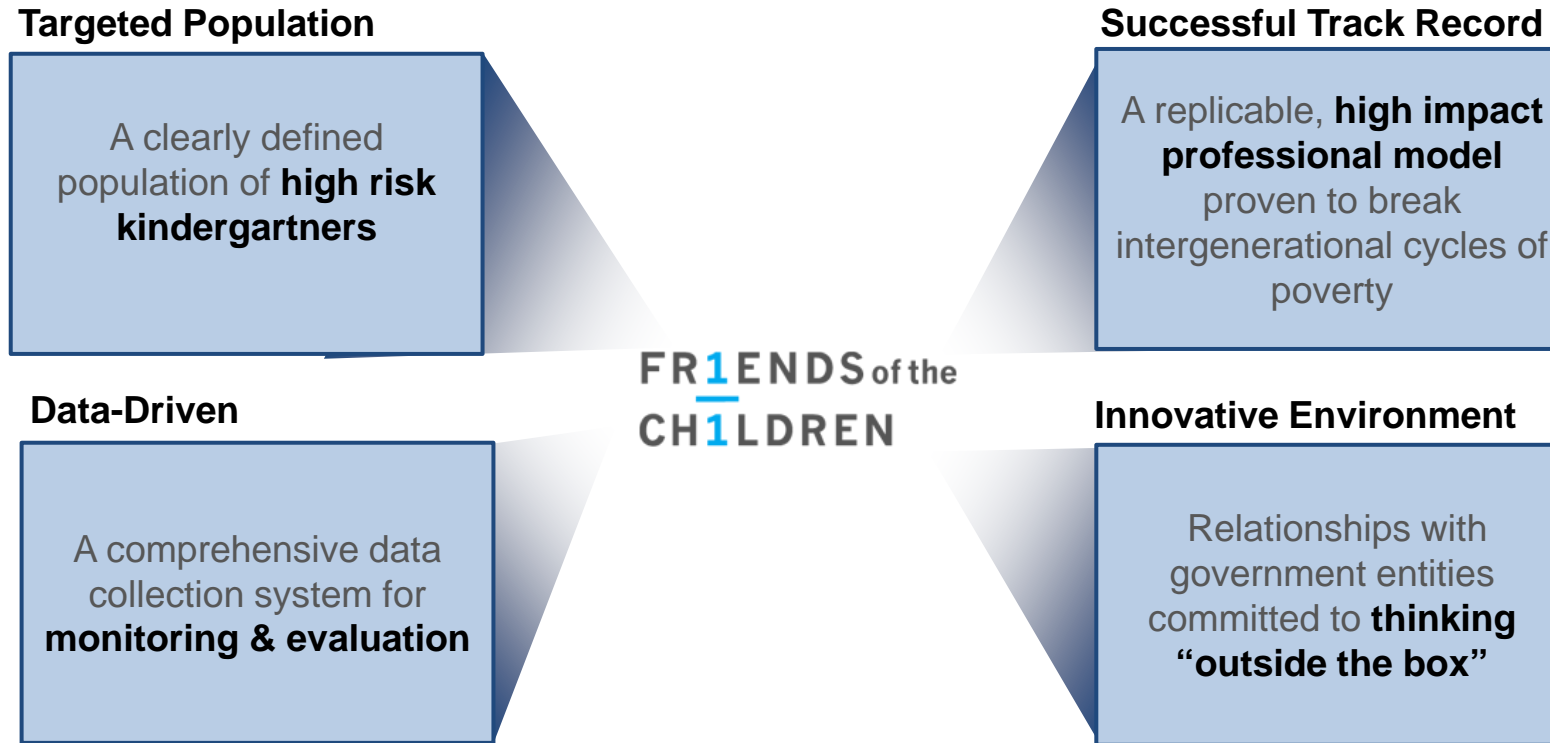


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Example: Oregon Child Selection Assessment

| Risk/Protective Factors | Friends of the Children | DHS CANS / Safety Threat Criteria |
|--|-------------------------|-----------------------------------|
| Social Functioning | ✓ | ✓ |
| School Functioning | ✓ | ✓ |
| Self-Regulation / Anger-Management | ✓ | ✓ |
| Physical Health / Hygiene/Mental Health | ✓ | ✓ |
| Sexually Reactive Behaviors | ✓ | ✓ |
| Evidence of Abuse / Neglect | ✓ | ✓ |
| Living Situation: Housing/Food Insecurity, Violence in Home, Lack of Parental Monitoring, Family Conflict, High Crime Neighborhood | ✓ | ✓ |
| Parental Unemployment, Incarceration, Substance Abuse, Mental Health, Low Education | ✓ | ✓ |
| Lack of supportive relationships in community, older siblings with risk behavior, lack of cultural traditions | ✓ | ✓ |

Well Positioned to Explore Pay For Success (“PFS”)



Through PFS, Friends of the Children can reliably scale its model & measurably improve the lives of more at-risk children