

Webinar Housekeeping

If you have not done so,
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Due to the format of today's webinar, your lines will be **muted**. We will take questions via the Chat feature located at the lower left hand side of your screen.





Ready by 21[®] all youth ready for college, work & life

Using Social Impact Bonds to Support a Bundle of Youth Interventions

April 26, 2012

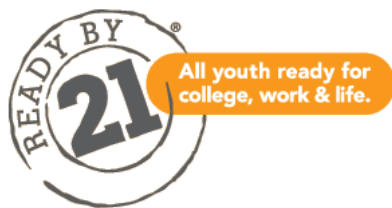
Speakers / Agenda

- Elizabeth Gaines (*Director of Policy, Forum for Youth Investment*)
- Dave Hilliard (*President/CEO, Wyman Center, Wyman's Teen Outreach Program*)
- José Esquibel (*Interagency Prevention Systems Program, Colorado Department of Public Health and Environment*)
- Greg Mennis (*Assistant Secretary for Finance and Infrastructure, Massachusetts Executive Office for Administration and Finance*)
- Jeffrey Liebman (*Malcolm Wiener Professor of Public Policy, John F. Kennedy School of Government, Harvard University*)
- Facilitated Discussion



About the Forum for Youth Investment

Nonprofit, nonpartisan “action tank” dedicated to helping states and communities and the nation ensure all young people are **Ready by 21** -- ready for college, work and life.



Signature initiative is Ready by 21

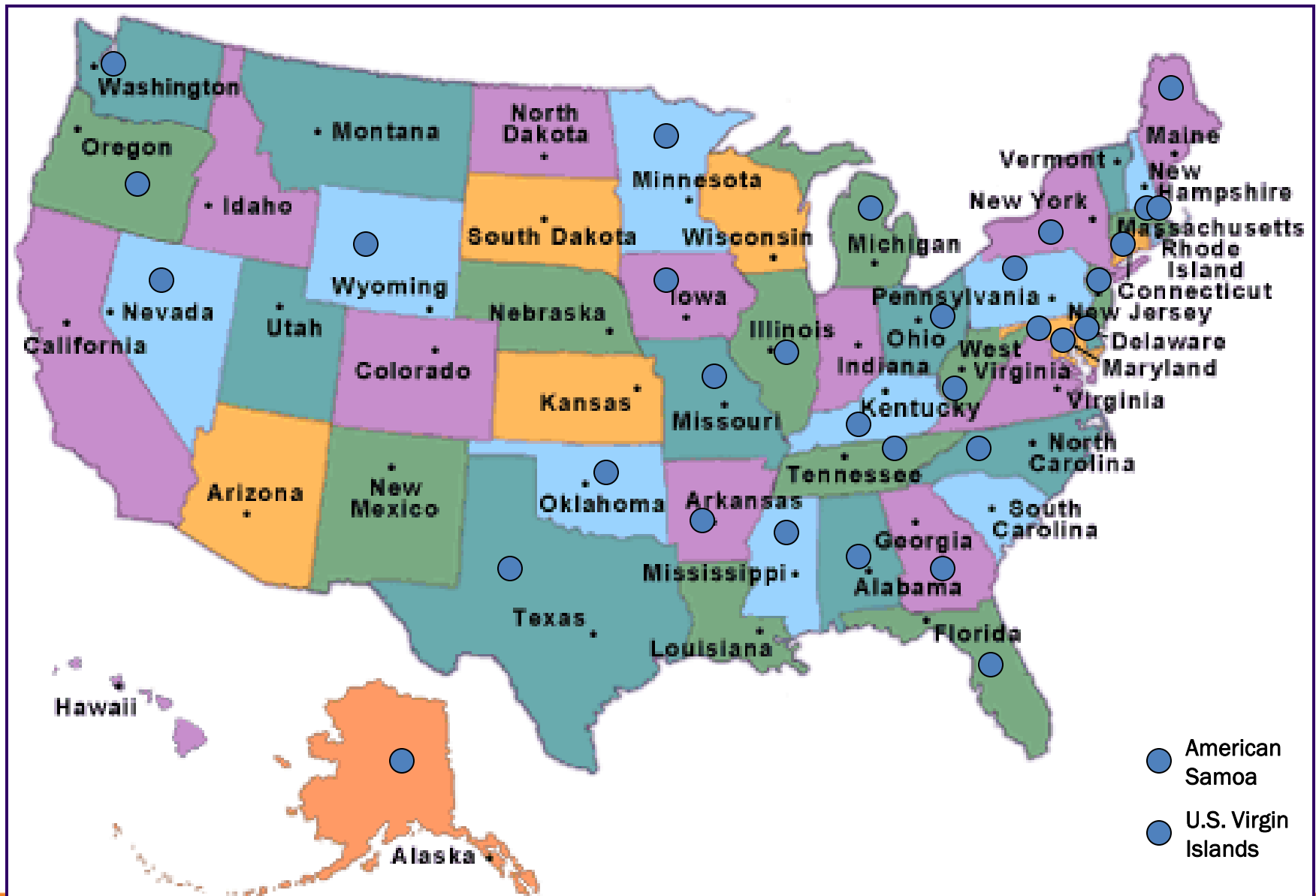


CHILDREN'S CABINET
NETWORK

Managed by the Forum for Youth Investment

Manages the Children's Cabinet Network

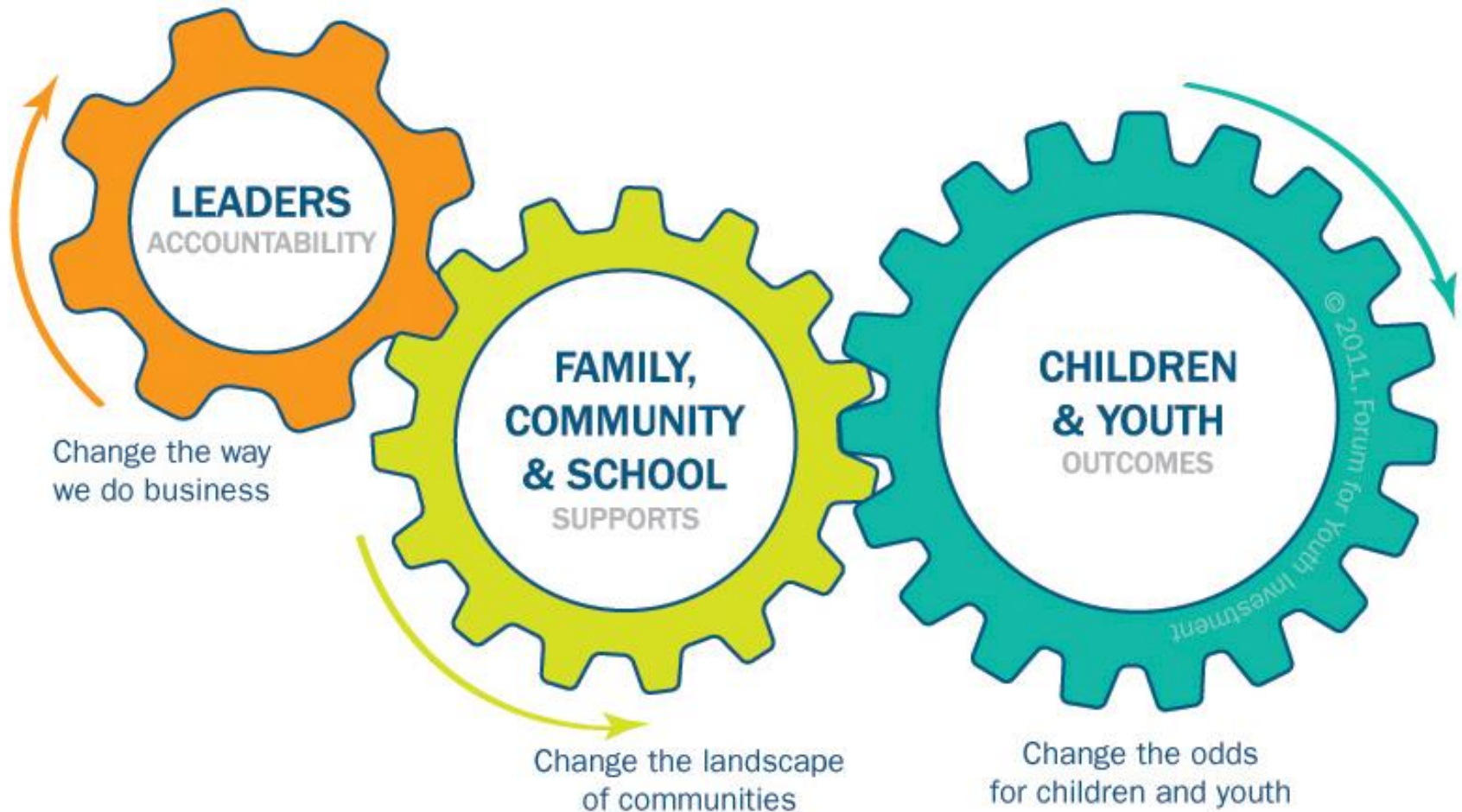
Children's Cabinets Across the Nation



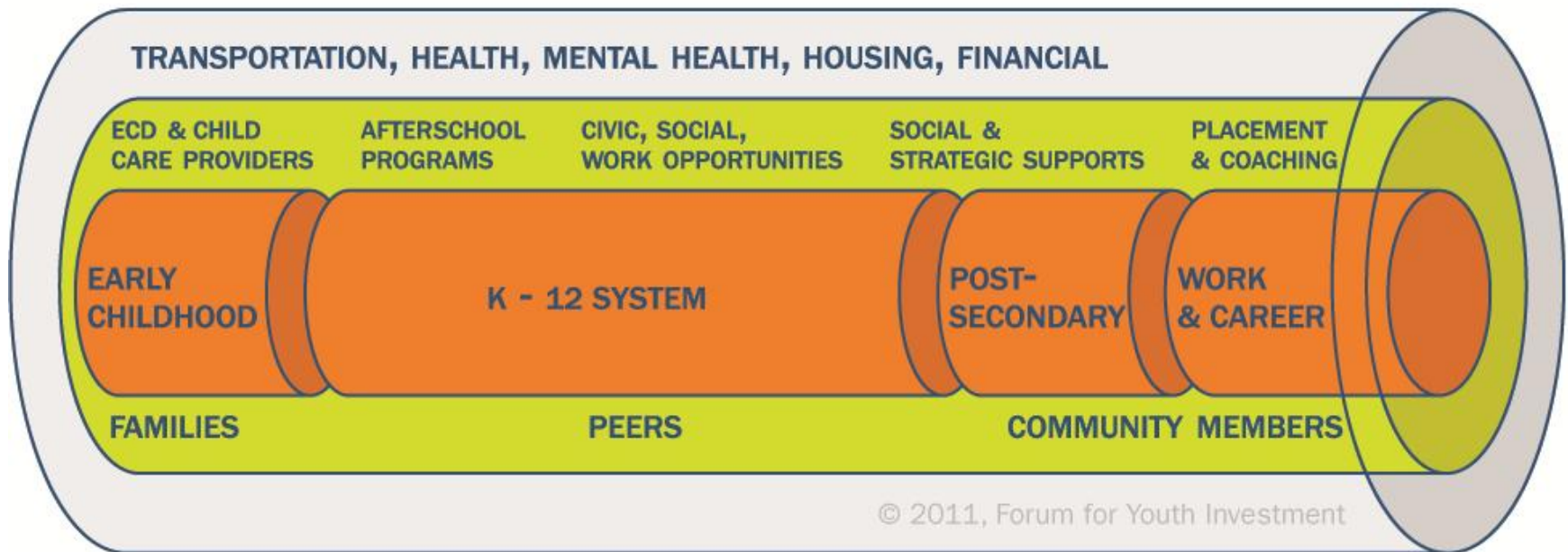
Ready by 21 focuses on the small gear

challenging leaders to think differently & act differently...

Moving the small gear makes a **BIG** difference



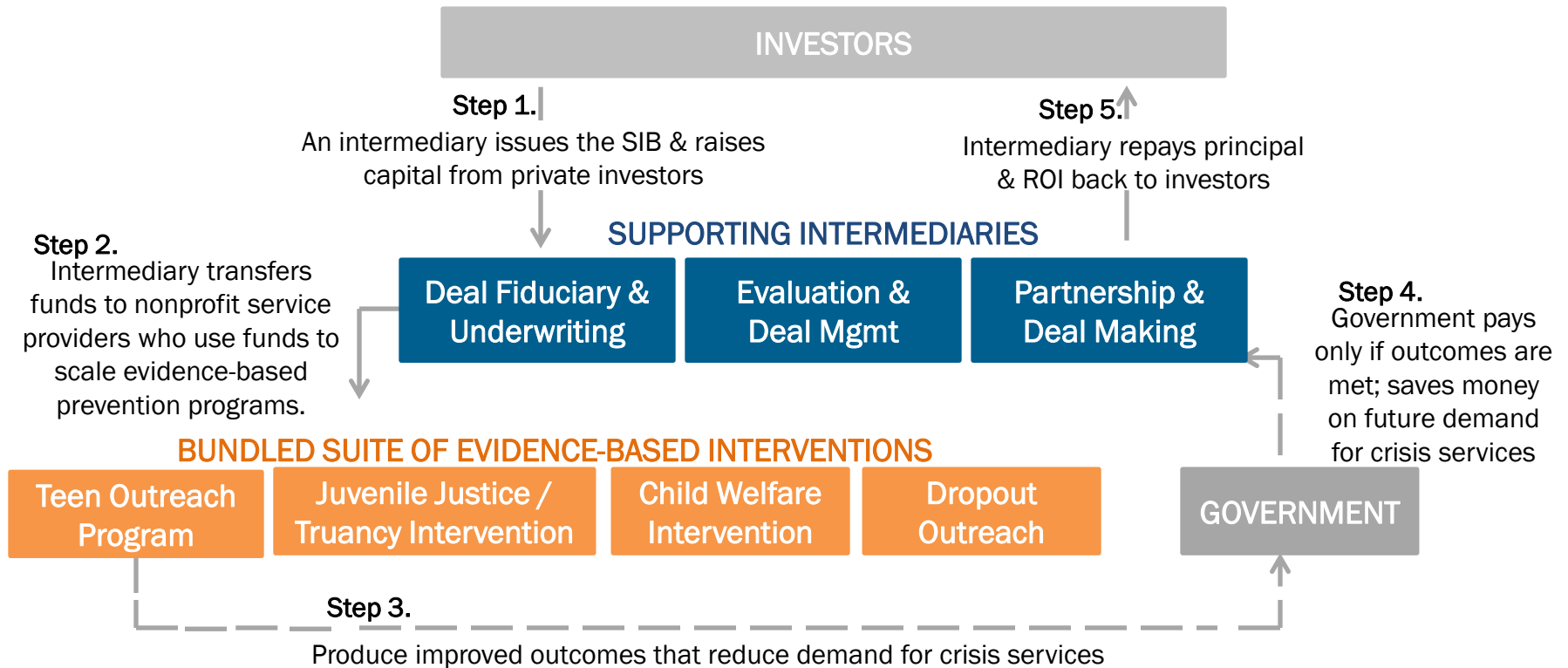
The Insulated Pipeline



“Cradle to career” insulation (0-26)



Pilot Idea: Bundled Suite of Youth Interventions



Adapted from Social Finance, Inc., *How Social Impact Bonds can Mobilize Private Capital to Advance Social Good*, 2012 and Jeffrey Liebman, Center for American Progress, *Social Impact Bonds: A Promising New Finance Model to Accelerate Social Innovation and Improve Government Performance*, February 2011





Comprehensive, research supported,
universal and selective, curriculum-
driven approach to promoting
**positive adolescent
development.**

EVIDENCE-BASED

- Wyman's Teen Outreach Program® participated in several empirical research studies to evaluate both the behavioral outcomes and the process mechanisms that lead to positive outcomes for TOP® participants. *Allen, Philliber et al: 1990, 1991, 1994, 1997, 2001*
- Currently part of 8 RCT's as part of OAH Tier 1 evaluation

Currently replicated at scale by 43 certified partners in 29 states and the District of Columbia.



20+ Best Practice Lists



- HHS/OAH Tier One Status
- HHS/SAMSHA/NREPP – universal and indicated status: mental health promotion and pregnancy prevention
- OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION
- RAND
- BROOKINGS INSTITUTE
- INSTITUTE OF MEDICINE, NATIONAL ACADEMY
- MATHEMATICA POLICY RESEARCH
- NATIONAL DROPOUT PREVENTION CENTER

INCREASED PROTECTIVE FACTORS

- Self Regulation
- Self Efficacy
- Engagement

REDUCED RISK FACTORS

- Course Failure
- In-School Suspension
- Pregnancy
- School Dropout

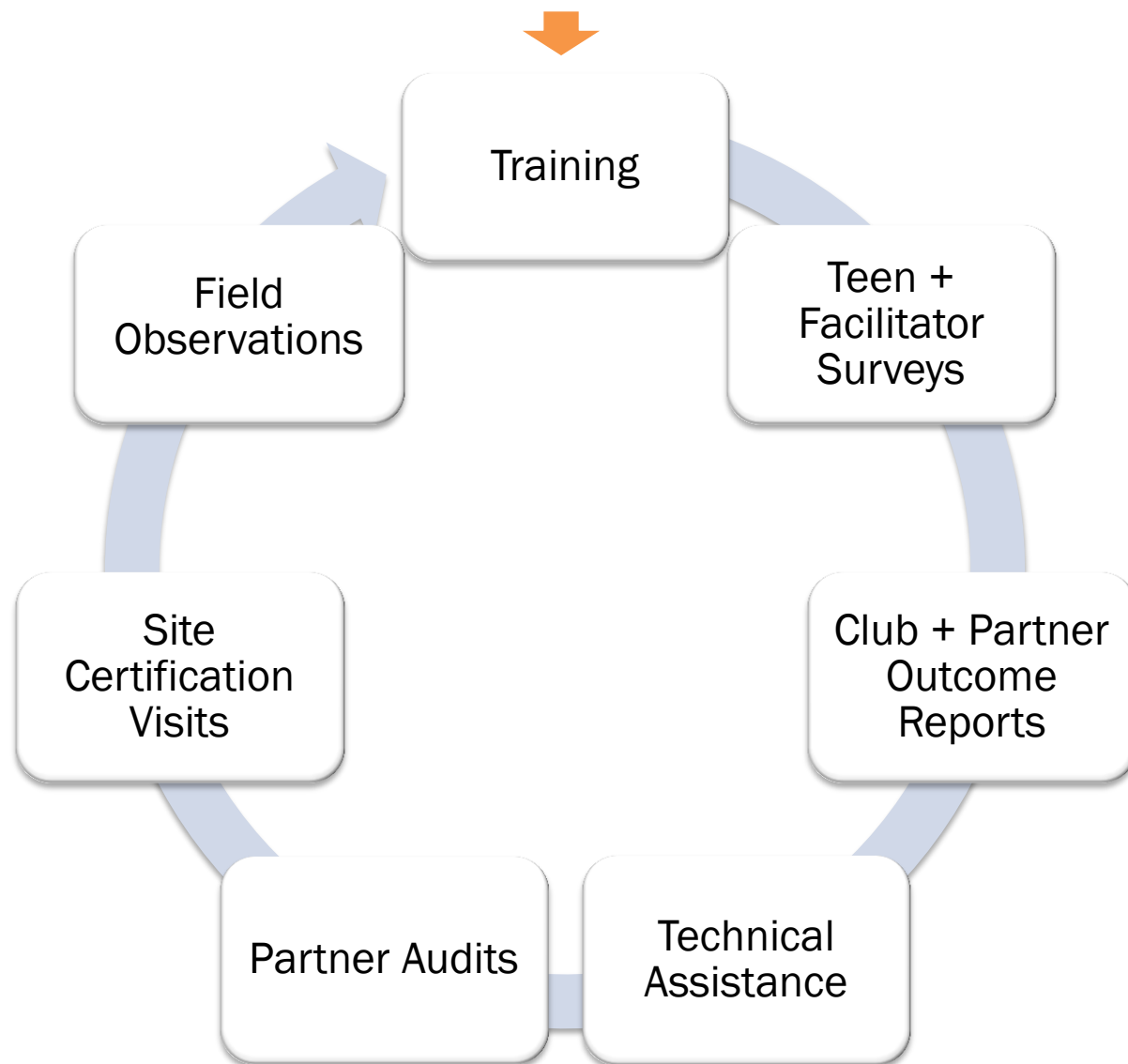
Scalable, locally managed replication by 'certified' partners (train the trainer model)

- In school
- After School
- Community
- Alternative settings

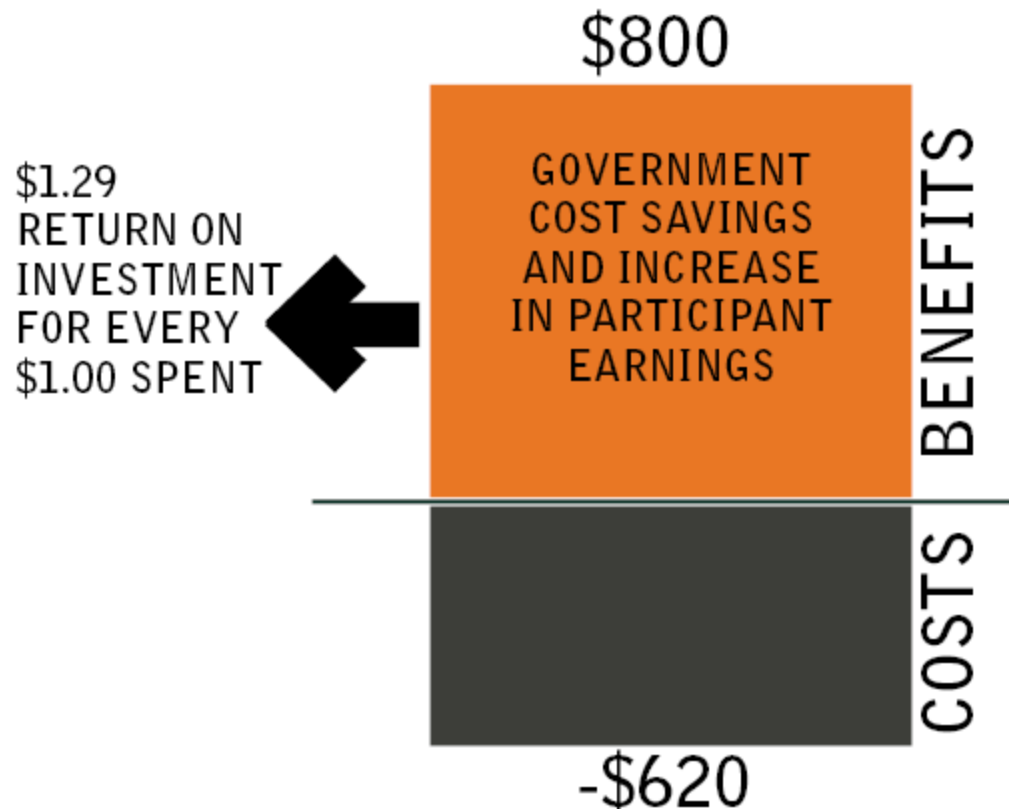


Wyman's Approach to TOP® Fidelity

Fidelity to model supported by robust training, technical assistance and compliance with data-driven systems for process and outcome tracking and reporting.



Affordable with high social and economic ROI



TEEN OUTREACH PROGRAM

LOW COST

TOP® costs ~\$620* per youth. This is a significant savings compared to the \$5,000-\$11,000 fee per youth for the only other program with strong evidence of pregnancy reduction.

The Brookings Institution recommended a \$7.7 billion national investment in TOP® over the course of five years.

(The Brookings Institute (2007). "Cost-Effective Investments in Children". Costs & benefits per youth in 2003 dollars.)

Social Impact Bonds and Children and Youth Outcomes: Colorado's Effort

José Esquibel

Director, Interagency Prevention Systems for Children and Youth,
Colorado Department of Public Health and Environment

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Gaining Traction for Social Impact Bond/Pay for Success Approach

- Information on Social Impact Bond approached shared with Governor's budget and policy staff
- Convened Colorado partners
- Engaging congressional representatives for convening a gathering in Colorado on Social Impact Bonds/Pay for Success



Colorado Partners

- Interagency Prevention Systems for Children and Youth/Prevention Services
Division/Colorado department of Public Health
- Boulder County Family and Children Services
- Partnership for Family and Children
- Colorado Youth for a Change
- Wyman
- John Abramson



Potential Pilots in Colorado

- High-performing county Collaborative Management Programs serving multi-systems youth.
 - Currently, county CMPs receive incentive funds for meeting outcomes
- Colorado Youth for a Change/Drop Out Prevention and Intervention
- Wyman's Teen Outreach Program



Identify Additional Pilots

- Issue a Request for Information modeled after the State of Massachusetts to solicit ideas for pay for success projects



- Leverage technical assistance and information from:
 - Jeffery Liebman, Harvard Kennedy School of Government
 - Social Finance/The Rockefeller Foundation
 - Forum for Youth Investment
- Learn from experience of other states, especially Massachusetts



Pay for Success Contracts and Social Impact Bonds

Jeffrey Liebman
Harvard Kennedy School

Greg Mennis
Massachusetts Executive Office for Administration and Finance

April 2012

Recent Developments

1. UK Peterborough prison pilot began last year.
2. Funding proposed in President Obama's February 2011 budget.
Grant solicitations in progress from DOJ and DOL.
3. Massachusetts has issued RFRs for two pay for success contracts and is currently reviewing the responses.
4. Minnesota enacted "human capital performance bond" legislation.

Several other jurisdictions are actively considering the approach.

Motivation for Using this New Funding Tool

1. We have no idea whether much of our existing social service spending is effective.
2. We don't make the investments we should.
 - Underinvestment in prevention.
 - Budget silos discourage investments in one agency that produce savings for another.
3. We are not making rapid enough progress in solving social problems.
 - We still lack proven solutions for early childhood, recidivism, job training, etc.
 - No systematic way for government to scale up successful innovations.
 - We don't measure outcomes regularly enough to produce ongoing learning about what works.

UK Peterborough Prison Pilot

A short-sentence prison in Peterborough, England with one-year recidivism rate of around 60 percent.

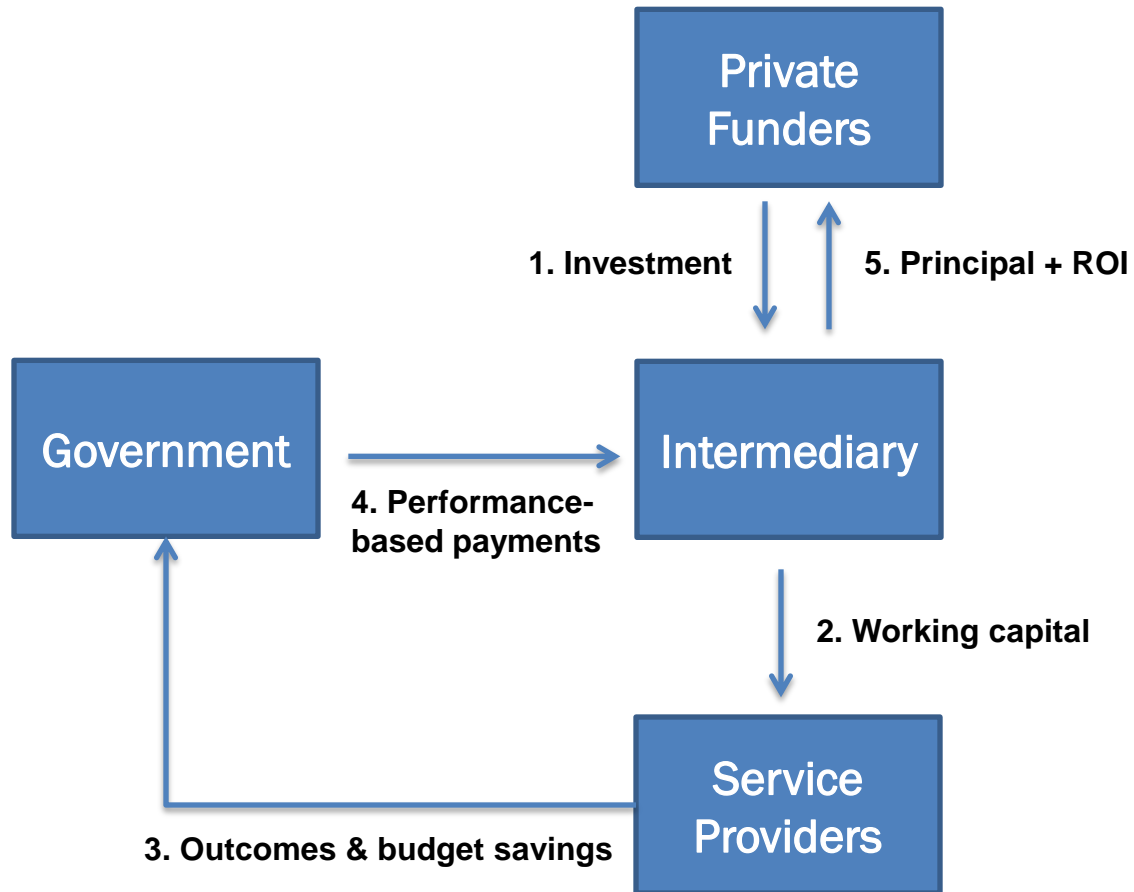
UK Justice Ministry has contracted with a nonprofit intermediary named Social Finance to deliver services to prevent recidivism.

The government will make payments to Social Finance only if the reoffending rate falls by at least 7.5 percent compared to the recidivism rate in a group of similar prisons.

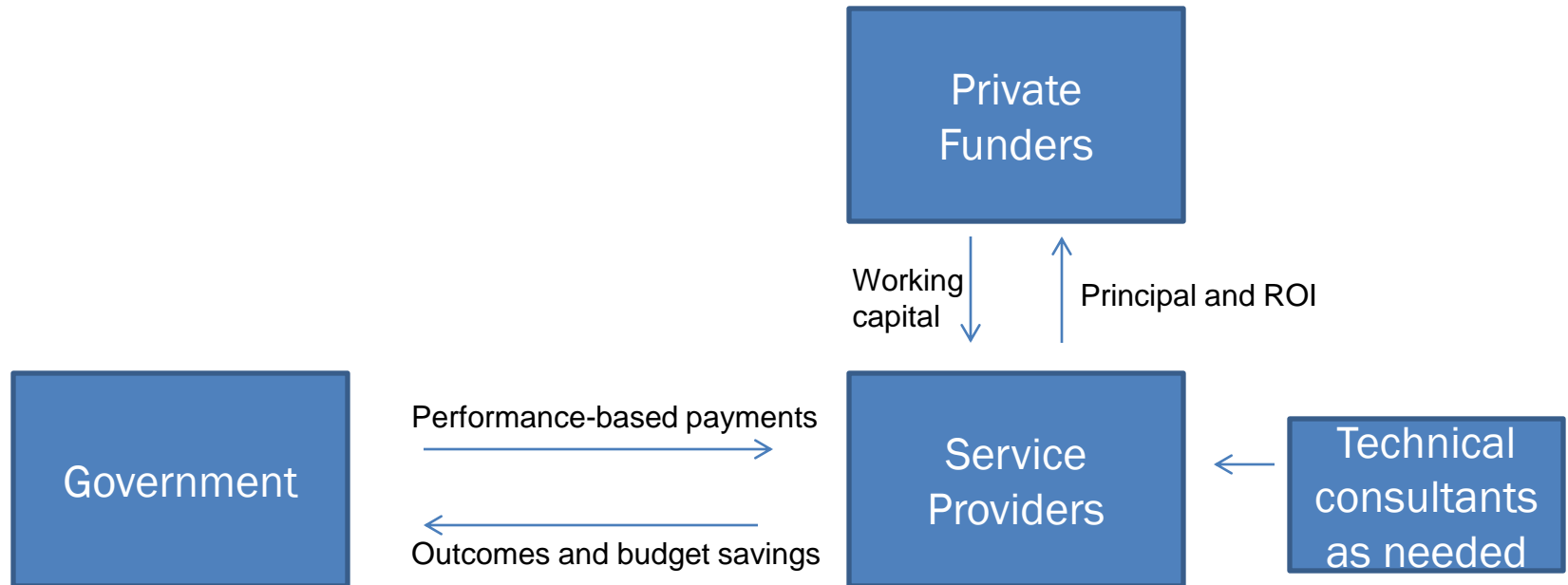
If payments are earned, they will be made in the fourth, sixth, and eighth years based on outcomes achieved in working with prisoners during three consecutive two-years periods.

Social Finance has raised \$8 million from social investors to finance service delivery by another nonprofit, the St. Giles Trust.

Social Finance estimates that if this intervention is successful and scaled across the UK, reductions in incarceration costs would more than cover the cost of the services.



Another Possible Structure



Massachusetts Initiative

Chronically Homeless Individuals

- Aims to house 400 chronically homeless individuals over a three year period.
- Expects annual budget savings of \$20,000 per housed individual, primarily from reduced Medicaid spending.

Youth Aging Out of the Juvenile Justice System

- Current three-year adult conviction rate is around 60 percent.
- Aims to serve 300 youth per year.
- Expects budget savings of \$30,000 for each youth who is redirected to a better path, primarily from reduced incarceration costs.

How We Got There

Began considering the pay for success idea in January 2011.

- Obtained pro bono technical assistance from Prof. Liebman and his Harvard team.

Request for information was issued in May 2011.

- More than three dozen responses were received.

Spent balance of 2011:

- Analyzing potential budget savings from different projects.
- Working with agencies to design program/plan implementation.
- Matching homelessness data to Medicaid records and DYS data to adult criminal history records to establish baselines and determine whom to serve.
- Doing outreach to provider community.
- Building support in the legislature.
- Writing procurement.

Governor submitted request to legislature for necessary budget authority in Jan 2012.

Formal procurement (RFR) was issued in January 2012 to select negotiating partners (both intermediaries and service providers) for the two projects.

Implementation Issues for Government

Creating a structure that pays for outcomes, mitigates risk, and measures savings

- **Pay for Success Contract**
 - Identifying promising preventative social service programs (proof of concept)
 - Establishing credible performance measurement (counterfactuals)
- **Financing**
 - Government budgeting: ability to commit (e.g. in Massachusetts, proposed "full faith and credit" commitment) and ability to fund
 - Service provider funding (e.g. social impact bond)
- **Savings Capture – Needs ongoing development**
- **Taking a flexible approach**

Criteria for Successful Application of this Approach

Essential Requirements

1. An area that is a top priority for the Administration
2. A potential for a broader impact.
 - Scaling up the particular intervention
 - Reforming earmarked spending areas
 - Creating performance data systems
 - Contributing to the broader performance agenda
3. Agency leadership that is enthusiastic about the project.

Given the intensive time and energy required to implement each pay for success contract, these projects are worth pursuing only when there is significant potential for broader impact.

Additional Requirements

1. A potential for high net benefits – otherwise the numbers won't work.
2. Measurable outcomes.
3. A well-defined treatment population (to prevent cream-skimming).
4. A reliable comparison group or counterfactual.
5. Sufficient samples sizes.
6. Safeguards against harming the treatment population

This tool works better for supplemental services than for core operations

(you would not want to fund the core operations of a prison or a charter school with this, because failure to achieve performance targets could lead the providers to cease operations).

Illustrative Potential Areas of Application

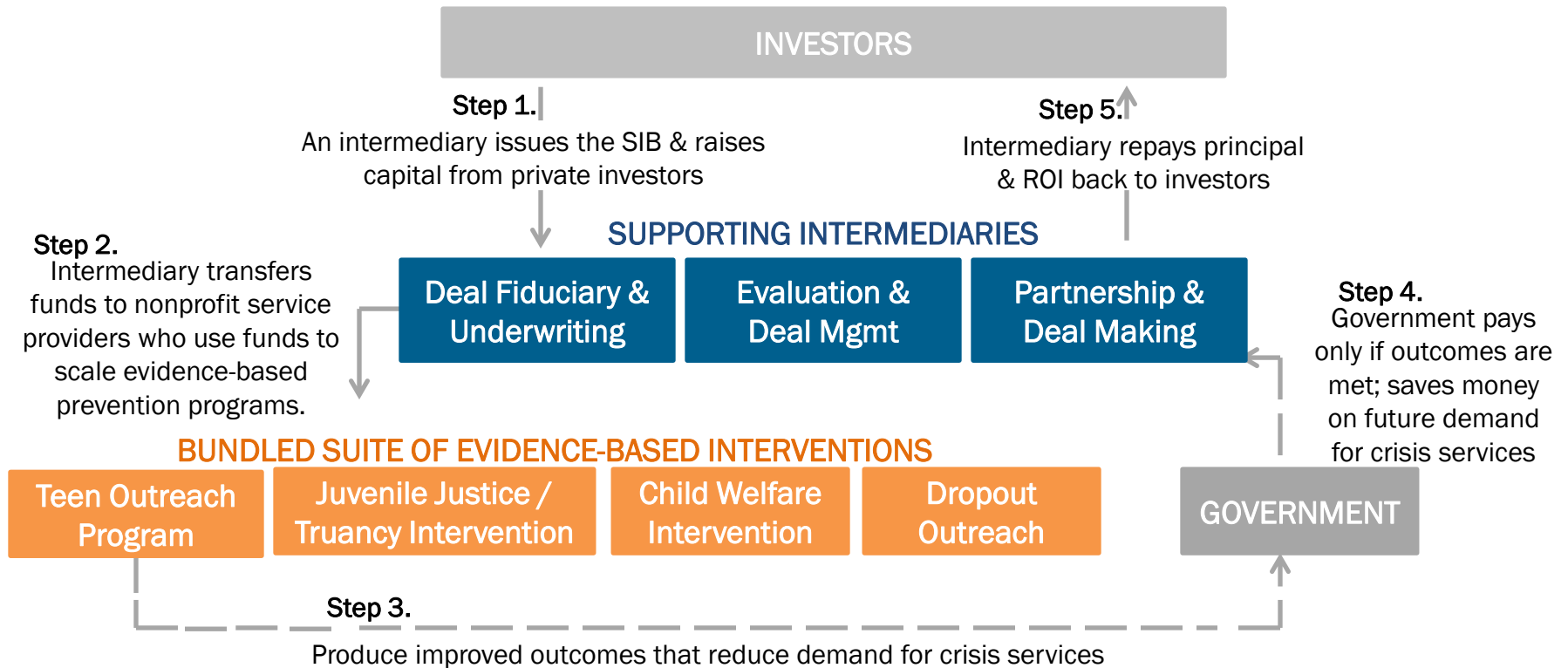
1. Services for at-risk youth such as those aging out of the foster care and juvenile justice systems.
2. Homelessness prevention.
3. Adult corrections.
4. Kindergarten readiness/third grade reading levels (potential savings in special ed costs).
5. Employment/work-force development services.
6. Preventive health care interventions (asthma, for example).
7. Keeping elders out of nursing homes with home-based services.

For further discussion of criteria for successful applications of this approach see Jeffrey Liebman, *Social Impact Bonds: A Promising New Financing Model to Accelerate Social Innovation and Improve Government Performance*, Center for American Progress, February 2011. http://www.americanprogress.org/issues/2011/02/social_impact_bonds.html.

Four Issues to Consider Early in Process

- 1. Replication of proven models vs. testing of innovative new approaches**
 - Ideally we would start by implementing proven models.
 - But in most priority areas such models do not exist.
 - Testing new approaches generates more learning and more risk of failure.
- 2. Do interventions need to pay for themselves in true budget savings?**
 - Are you willing to consider projects that generate large social benefits, but do not fully pay for themselves?
 - Example: a project that significantly reduced crime, but only produced budgetary savings that offset half of its cost.
- 3. Do you want to start with a transparent public Request for Information process? Or do you want to pick a couple of projects and go straight into negotiations with potential partners?**
- 4. Are you open to a variety of models for how to work with intermediaries and service providers, or do you want to stick with the “classic” UK model?**

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Next steps....

- **Join the Ready by 21 Leader Network**
 - www.readyby21.org
- **Sign up for our newsletters**
 - Go to Forumfyi.org and sign up in the top right-hand corner

