



Santa Clara: Pay for Success & Social Innovation Finance

April 10, 2013



Agenda

1. Welcome
2. Pay For Success: An Introduction
3. Santa Clara's Exploration
4. Next Steps
5. Q&A

Santa Clara Partnership

- **The Health Trust and Step Up Silicon Valley: Disruptive Innovation Grant**
- **Third Sector: Pay for Success consultant**
- **Board of Supervisors Referral: December 2012**
- **County Lead: COO Gary Graves**

Third Sector Capital Partners

- We are a nonprofit that works with **governments, funders, and providers** to create Pay for Success (PFS) and Social Innovation Finance (SIF) arrangements.
- Our goal is to **help nonprofits define their impact and achieve scale** for their proven interventions.
- **Independent consultant in Santa Clara:** Supported by Health Trust



Third Sector Experience

We have worked with governments and nonprofits in several ways:

Intermediary

- Respond to government procurement
- Selected for First US State-level PFS Pilots in MA: Chronic Homelessness & Juvenile Justice

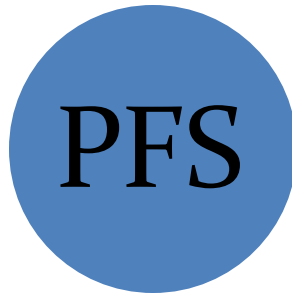
Government Advisor

- Cuyahoga County, Ohio: Launched RFR to explore PFS in child welfare
- Assisted Cuyahoga County in obtaining \$750,000 DOJ grant

Nonprofit Advisor

- Working with national service providers seeking PFS contracts, including Corporation for Supportive Housing

Pay for Success & Social Innovation Finance



Pay for Success

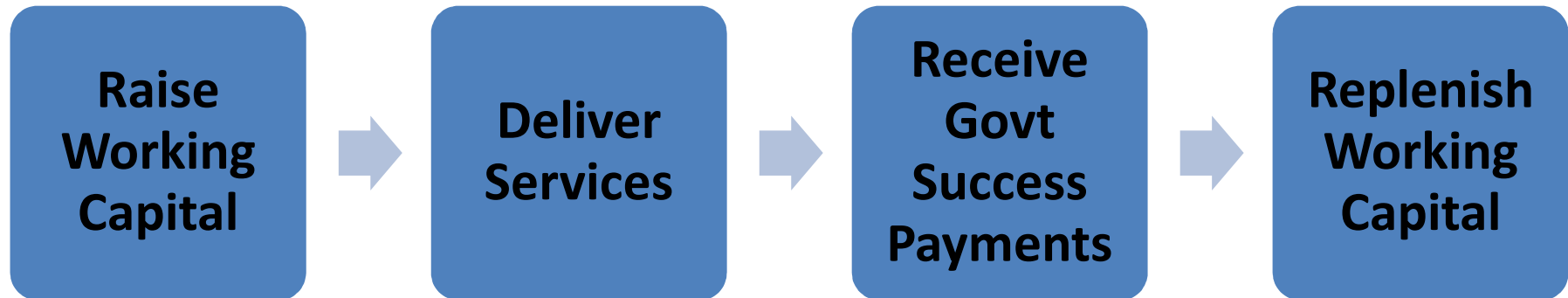
Performance-based contracting for social interventions where government pays only if and when results are achieved



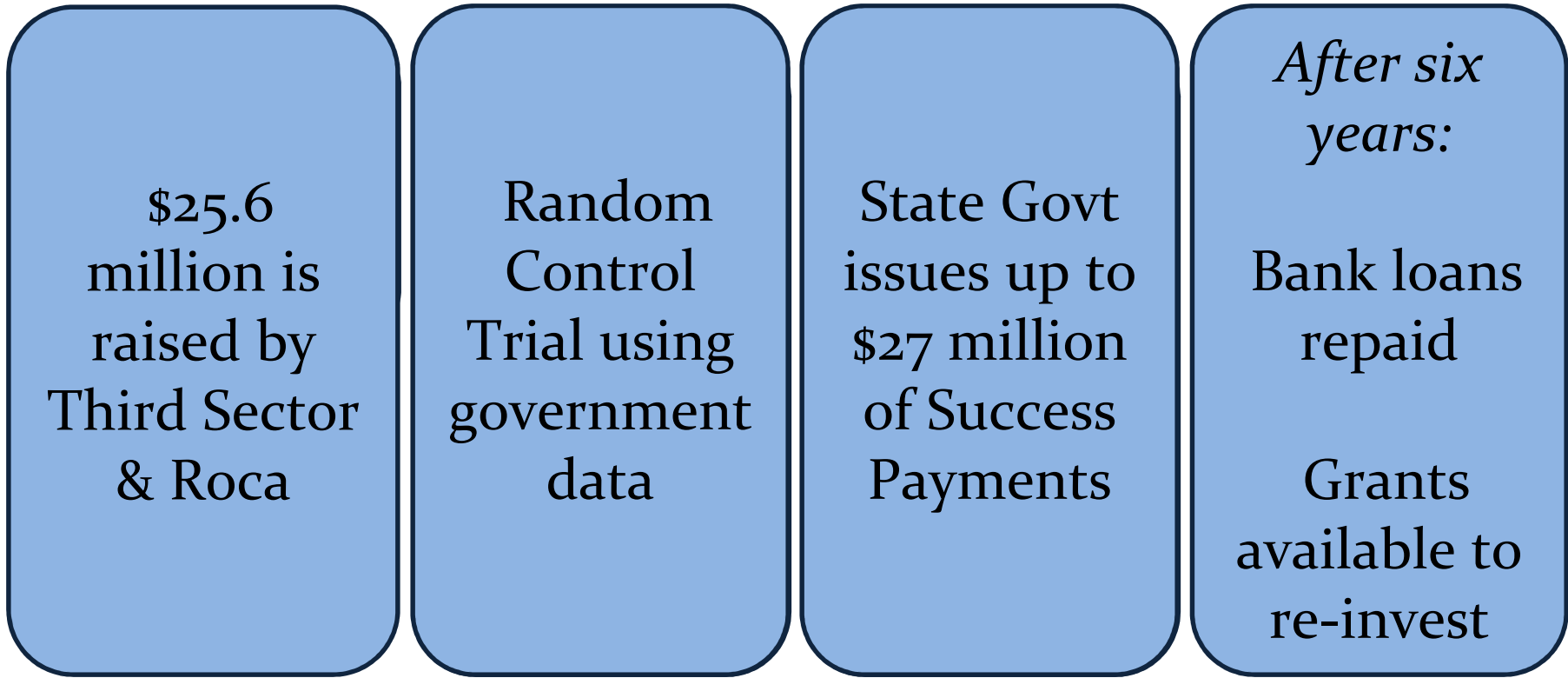
Social Innovation Finance

Funding that bridges the timing gap between the need to pay for service provision and government success payments.

How Pay for Success Works



How Pay for Success Works: MA



What does this mean for service providers?

1. On-ramp to government funding
2. Up-Front capital to scale
3. Built-in evaluation
4. Flexible funding (for outcomes, not prescriptive services)

“PFS allows us to combine our commitment to impact with outcomes-based financing to support our organization and a sustainable business model.”

-Molly Baldwin, Executive Director of Roca

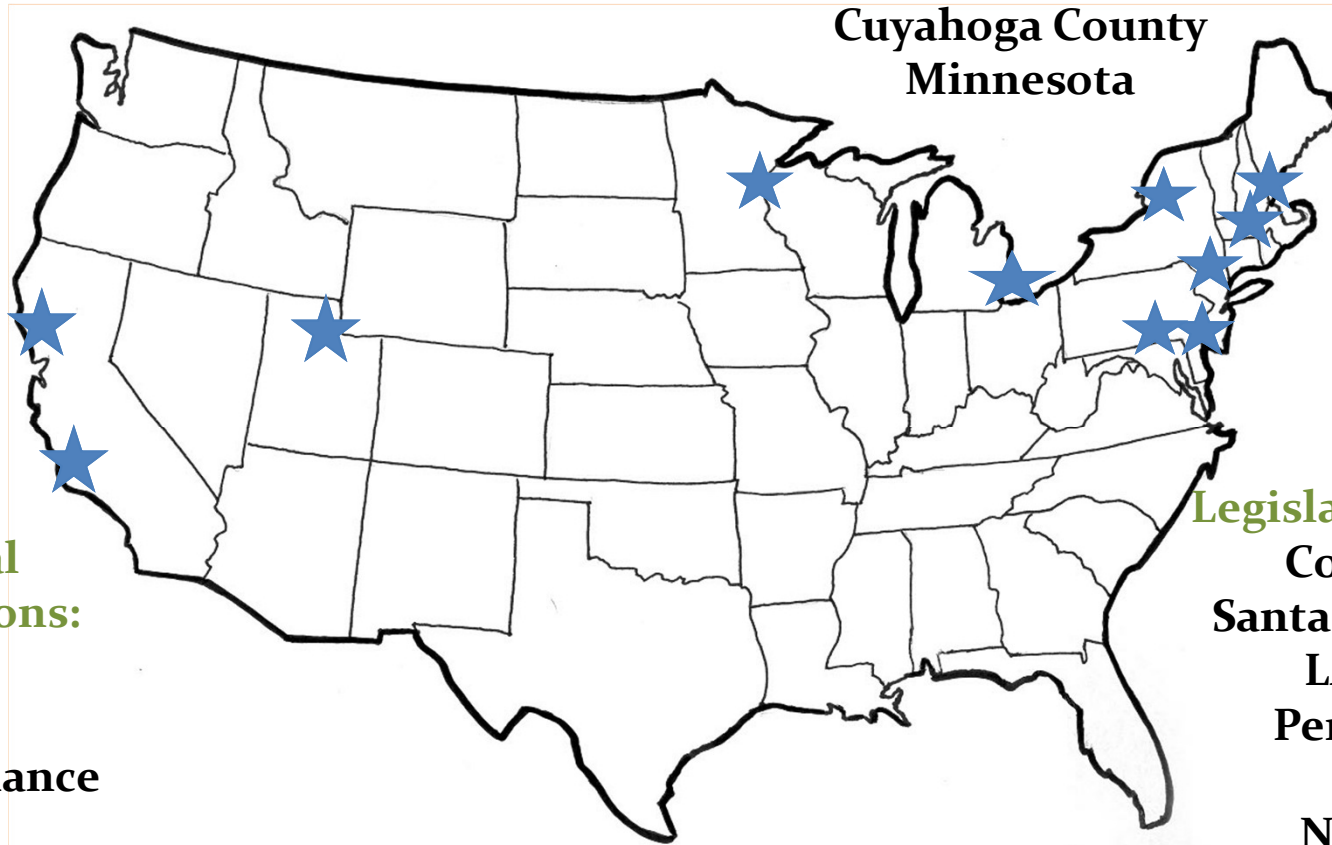
National PFS Developments

Pilots:

Massachusetts
New York City

Procurement:

Massachusetts
New York
Cuyahoga County
Minnesota



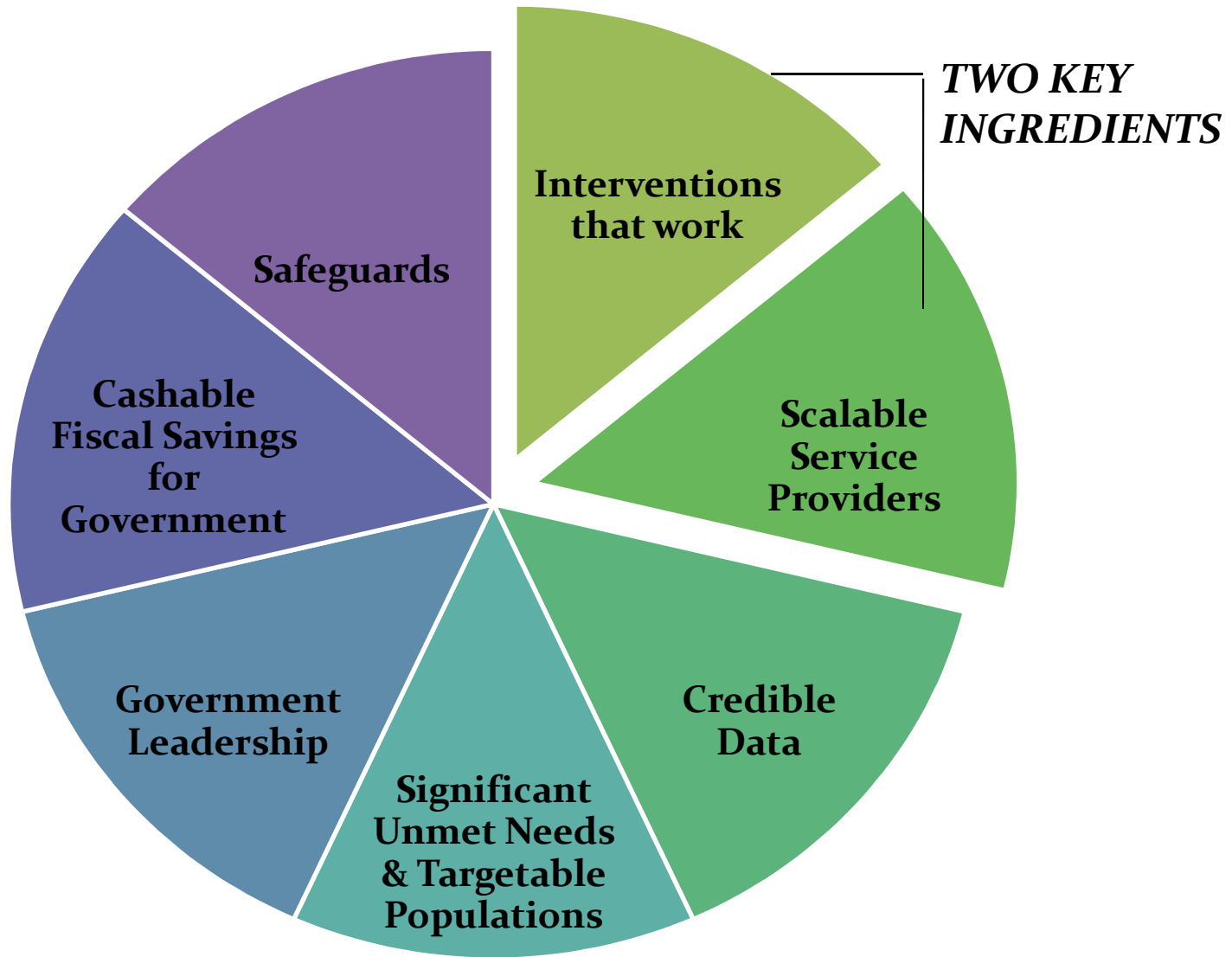
Federal Solicitations:

ACYF
DOL
Second Chance

Legislation/Motions:

Connecticut
Santa Clara County
LA County
Pennsylvania
Utah
New Jersey
Maryland

Key Pay for Success Criteria



Considerations for Interested Providers

1. Is your program a preventive intervention?
2. Do you serve a high-risk population with a sizable, unmet need?
3. Do you have evidence of program impact and outcomes?
4. What is the cost-benefit of your program for government entities?
5. Have you previously scaled your program to serve more of your target population?

Promising PFS Intervention Areas

Social Challenge	Potential Interventions
Chronic Homelessness (family or individual)	Permanent Supportive Housing
Juvenile Probation	Wraparound service provision; school-based supports.
Re-entry/Recidivism	Community Based Alternatives to Incarcerations
Child Welfare	Family reunification programs; cognitive-behavioral therapy
Mental & Behavioral Health	Community Based Clinical Interventions

Preliminary Areas of Interest in Santa Clara

Based on initial conversations with county agency heads and budget staff, there are some initial areas of interest:

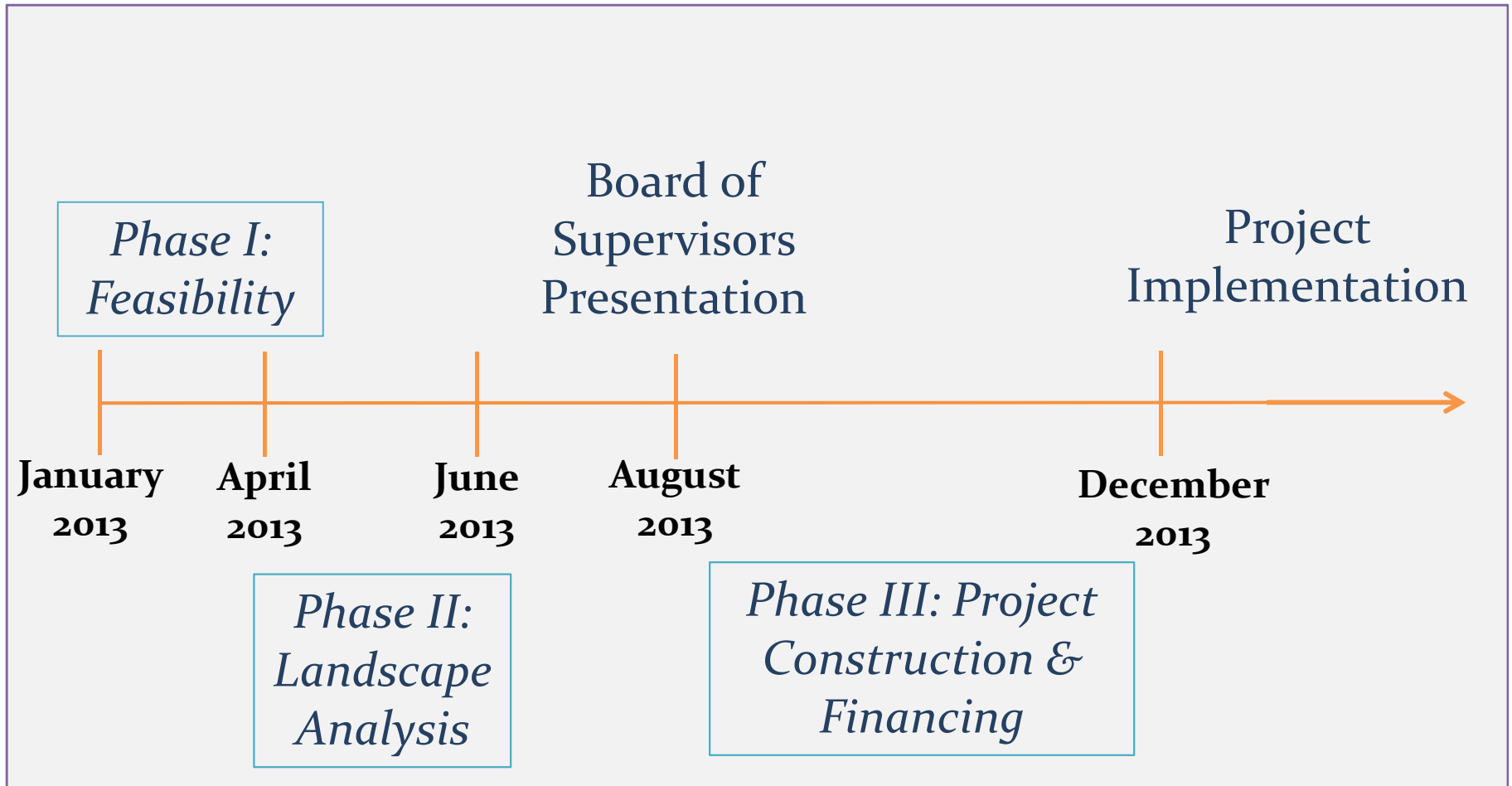
- Child Welfare/Foster Care
- Chronic Homelessness
- Juvenile Justice and Probation
- Mental Health
- Pre-Trial Services

The County expects to revise and expand this list based on community conversations.

Progress to Date

- Completed Phase I
 - Met with twelve county agency heads
 - High-Level analysis of county budget to identify areas of potential savings
- Beginning Phase II
 - Conduct interviews with providers and local funders/stakeholders
 - Goal: reach a “Go/No Go” decision on launching project

Estimated Project Timeline



Next Steps

- We are now kicking off Phase 2, which includes:
 - Outreach and education to service providers
 - Identifying and refining project structure and financing options
 - Educating potential funders
- We are here to gauge interest, solicit feedback and offer education. Please reach out to us:
 - cjonas@thirdsectorcap.org.

Questions & Answers

