

Pay for Success in the U.S.

Summaries of Financed Projects

February 2015

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INSTITUTE for CHILD SUCCESS



ICS's work to develop early childhood PFS is supported by the Corporation for National and Community Service's Social Innovation Fund.

(by)

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New York State Recidivism Reduction and Employment Initiative

Policy Area Criminal Justice, Employment

Policy Problem

Incarcerated individuals face challenges seeking employment, often leading to recidivism. In NYS 22,000 individuals return home from prison annually and 51-71% cannot find employment. 44% return to prison, compared to 23% with full time employment and 29% with part time employment.

Jurisdiction (implementation sites)

Rochester, NY
New York City, NY

Who is paying for the outcomes?

US Department of Labor (Phase 1)
NYS Department of Labor (Phase 2—\$12mm)

Organization(s) Delivering Services

Center for Employment Opportunities

Intervention

CEO's transitional employment model

Approximate Program Cost per Participant

\$6,750

Intermediary: Coordinator & Borrower

Social Finance US through Social Finance NYS Workforce Re-entry 2013 Manager, Inc

Program Evaluator

NYS Dept. of Corrections and Community Supervision (DOCCS) Research and NYS Dept. of Labor Research

Validator

Chesapeake Research Associates

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| Outcome Metric(s) | <ul style="list-style-type: none"> • Reduced days in jail or prison after released • Indication of positive earnings in the fourth quarter following release from prison • Number of members who start a CEO transitional job during the relevant observation period | | |
| Evaluation Design | Randomized Controlled Trial | | |
| Target Population (criteria and size) | 2,000 participants targeting people on Parole with high risk of returning to incarceration who have high employment needs | | |
| Size of Investment | \$13.5 million | | |
| Total Payments Possible (investment and possible success payments) | \$23.5 million (includes cost of intermediary and evaluation) | | |
| Term / Timeframe (intervention and evaluation) | 5.5 Years: -Years 1-4 program delivery -Years 5-5.5: Additional period for evaluation | | |
| Investors: Deal structure/ Capital Stack (annual return if available) | <ul style="list-style-type: none"> • Debt \$13.5 million Bank of America Merrill Lynch (Investors: 40 individuals, foundations, family foundations including Pershing Square Capital Foundation, Lawrence Summers, James Sorenson, Laura and John Arnold Foundation, Living Cities) • Grant - \$300,000 - Robin Hood Foundation • Guarantee/first loss position - \$1.32 million Rockefeller Foundation | | |
| Payment Terms - Risk Sharing Structure | Risk shifted to private sector | | |
| Payment Terms - Details on Payment per Outcome, Minimum Improvement Required, etc. | Outcome | Threshold | Price per Outcome |
| | <i>Employment:</i> Percentage point difference between treatment and control group members with positive earnings in the fourth quarter following release from prison. | 5 percentage point increase | <i>Phase I:</i> \$6,000 per person <i>Phase II:</i> \$6,360 per person |
| | <i>Recidivism:</i> Difference between treatment and control group in average number of days incarcerated per person during the observation period. | 36.8 days reduction | <i>Phase I:</i> \$85 per day <i>Phase II:</i> \$90.1 per day |
| | <i>Transitional Jobs:</i> Number of treatment group members who start a CEO transitional job during the observation period. | | <i>Phase I:</i> \$3,120 per person <i>Phase II:</i> \$3,307 per person |

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| Date Announced | Dec. 20, 2013 |
| Implementation Start | December 2013 |
| Interim Outcome Dates | Early 2017 (Phase 1 payment calculated) |
| Legislation for Appropriation Risk | No |

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INSTITUTE *for* CHILD SUCCESS

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The Institute for Child Success is fueled by BlueCross BlueShield of South Carolina, an independent licensee of the BlueCross and BlueShield Association, and by the Mary Black Foundation.

The Institute for Child Success is a non-profit, non-partisan research and policy organization that fosters public and private partnerships to align and improve resources for the success of young children in South Carolina and beyond. A partnership of the Children's Hospital of the Greenville Health System and the United Way of Greenville County, ICS supports service providers, policy makers, and advocates focused on early childhood development, healthcare, and education to build a sustainable system that ensures the success of all children, pre-natal through age five.