



Thinking About SIBs and Pay-for-Results Financing

Douglas J. Besharov
School of Public Policy
University of Maryland

Secretaries' Innovation Group
Washington, DC
November 21, 2014

Jurisdiction	Program area	Services	Outcome and impact measures	Methodology/ Counterfactual	Basis of payment	Risk and Risk Amelioration
Chicago	Early childhood education (Operating)	Chicago Child Parent Center pre-K program: Uses the “Creative Curriculum” “Requires 2.5 hours of parent involvement weekly” “Classes are limited to 34 children for half-day classrooms (two sessions of 17 children each) and have a minimum of 2 teaching staff” Four cohorts with a total of 2,620 children	<p>Outcomes Kindergarten readiness (“% of children performing at or above the national trends across at least five out of the following six domains: Literacy, Language, Math, Cognitive development, Socio-Emotional, Physical health”)</p> <p>Impacts Special education (“% of students who have a CPS-issued Individualized Education Plan (IEP) in a given year”)</p> <p>3rd grade literacy (“% of children reading at or above the 25th percentile on the English Language Arts/Literacy portion of the spring sitting of the PARCC test”)</p>	Propensity score matching. Students in the CPC are matched to low-income children who are not enrolled in a pre-K program	<p>Outcomes Set amount for each student prepared for kindergarten after attending CPC</p> <p>Impacts About 57 percent of actual annual savings from avoided special education placements at 2014 costs + a 1% increase annually (presumably as an inflation adjustment)</p> <p>Set amount for each student who scores above the national average on the nationally administered third grade reading test</p>	N/A

Jurisdiction	Program area	Services	Outcome and impact measures	Methodology/ Counterfactual	Basis of payment	Risk and Risk Amelioration
Illinois	Child welfare Criminal justice (In planning)	<p>“Crossover Youth Practice Model”:</p> <p>Identifies youth at the point they cross from child welfare to criminal justice system, “ensuring that workers are exchanging information in a timely manner”</p> <p>Includes “families in all decision-making aspects of the case”</p> <p>“Ensure[s] that foster care bias is not occurring at the point of detention or disposition”</p> <p>“Maximizes the services utilized by each system to prevent crossover from occurring”</p> <p>About 800 youth</p>	<p>Outcomes N/A</p> <hr/> <p>Impacts Recidivism (no definition) Placement rates for foster care children (no definition)</p>	N/A	N/A	N/A

Jurisdiction	Program area	Services	Outcome and impact measures	Methodology/ Counterfactual	Basis of payment	Risk and Risk Amelioration
Massachusetts	Workforce development Criminal justice (Operating)	<p>“Constant outreach and follow up with high-risk youth around their neighborhoods”</p> <p>“Intensive case management model, where workers connect with each youth at least three times per week, are available 24 hours a day for guidance and support”</p> <p>Life skills, educational, pre-vocational, and transitional and unsubsidized employment opportunities that “reflects their current stage of cognitive and behavioral change”</p> <p>“Working with other institutional partners—schools, local government, agencies, organizations—to increase the overall intervention capacity and support network”</p> <p>929 high-risk men</p>	<p>Outcomes N/A</p> <p>Impacts Reconviction (# of days of incarceration resulting from offenses that occurred during the program)</p> <p>Employment (# of quarters that program participants are employed)</p>	Randomized control trial with randomization at the point of release from jail.	<p>Outcomes N/A</p> <p>Impacts 100% of estimated government savings for reduced incarceration and increased taxes from increased employment up to defined amount</p> <p>Beyond this amount, declining % of government savings and increased taxes from increased employment up to capped amount</p>	<p>For investors, Arnold Foundation and New Profit providing \$6 million (about 33% of the total investment) guarantee for lost capital if program is unsuccessful</p> <p>For the state, minimum required reduction in reconviction rates to trigger payments is 5.2%</p> <p>For the state, Department of Labor providing first \$11 million (about 30%) in payments if the program succeeds. All remaining payments come from the state</p>

Jurisdiction	Program area	Services	Outcome and impact measures	Methodology/ Counterfactual	Basis of payment	Risk and Risk Amelioration
New York State	Workforce development	One week of “life skills” training	<i>Outcomes</i> N/A	Randomized control trial with randomization at some point subsequent to release from jail	<i>Outcomes</i> N/A	<p>For investors, Rockefeller Foundation providing \$1.3 million (about 10% of the total investment) guarantee for lost capital if program is unsuccessful</p> <p>For the state, Department of Labor grant providing first \$11 million of performance payments (about 50%) if the program succeeds. All remaining payments come from the state</p>
	Criminal justice (Approved)	“Placement in short-term transitional jobs as part of work crews and simultaneous one-on-one job search support” Once determined “jobs start ready,” nine weeks of temporary employment over a four-month period followed by transition into unsubsidized jobs “Post-placement support for up to one year” 2,000 individuals over five-and-a-half years	<i>Impacts</i> Reconviction (“# of days incarcerated during the three years following initial release from prison”) Employment (“binary indication of positive earnings one year following initial release from prison”) Employed in transitional jobs (“# of treatment group members in subsidized employment during the three years following release from prison”)		<i>Impacts</i> 100% of estimated government savings for reduced incarceration and increased taxes from increased employment up to amount of original investment 50% of estimated government savings for reduced incarceration and increased taxes from increased employment beyond original investment up to capped amount	

Jurisdiction	Program area	Services	Outcome and impact measures	Methodology/ Counterfactual	Basis of payment	Risk and Risk Amelioration
Salt Lake City	Early childhood education (Operating)	“We Can” Early Learning Curriculum:	<i>Outcomes</i> N/A	Norm-referenced. Prior to enrollment in pre-K, children take nationally normed test and the test results predict which children likely to be placed in special education upon enrolling in kindergarten	<i>Outcomes</i> N/A	For investors, Pritzker Foundation providing \$2.4 million (about 34% of the total investment) guarantee for lost capital if program is unsuccessful For the state, no apparent risk amelioration mechanisms in place
		“High-quality professional development to support teacher growth at all levels” “Explicit lesson plans that include a robust daily focus on literacy, numeracy, and oral language development” Five cohorts totaling more than 3,500 children	<i>Impacts</i> Special education (% of children enrolled in special education in grades K-12)		<i>Impacts</i> Grades K-6: 95% of actual savings from reduced special education enrollment + 5% interest Grades 7-12: 40% of actual special education savings	

Jurisdiction	Program area	Services	Outcome and impact measures	Methodology/ Counterfactual	Basis of payment	Risk and Risk Amelioration
State of Results-based Payments	Workforce development	<p>Under Workforce Innovation and Opportunity Act (WIOA):</p> <p>“Career services” (including “assessment of skill levels,” “labor exchange services,” “short-term prevocational services,” and “group and individual counseling”)</p> <p>“Training services” (including “occupational skills training,” “on-the-job training,” “incumbent worker training,” “skill upgrading and retraining,” “entrepreneurial training,” and “adult education and literacy activities”)</p>	<p>Under WIOA:</p> <p>Outcomes “% of program participants who obtain a recognized postsecondary credential, or a secondary school diploma after 1 year”</p> <p>“% of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and are achieving measurable skill gains”</p> <p>Impacts “% of program participants in unsubsidized employment after 6 months”</p> <p>“Median earnings of program participants in unsubsidized employment after 6 months”</p> <p>“% of program participants in unsubsidized employment after 1 year”</p>	<p>Randomized control trial. Because this is not a universal program, there are more applicants than slots which makes an RCT appropriate</p> <p>Measures the average difference in employment between the program and control groups</p>	<p>Outcomes % of projected government savings resulting from obtaining a postsecondary credential or secondary school diploma as estimated by research, including increased taxes, reduced crime, reduced welfare receipt, and increased health.</p> <p>Impacts % of actual government savings from the average decline in use of government benefits because of increased employment, including unemployment insurance, cash welfare, SNAP, housing, Medicaid, and disability benefits (maximum of about \$16,000 for six month measure and \$32,000 for one-year measure)</p>	<p>For investors, possible inclusion of hold harmless provision that reimburses the provider or investors regardless of results</p> <p>For the state, possible provision of partial payments from the federal government for successful programs</p>