

# Secretaries' Innovation Group Social Finance Overview

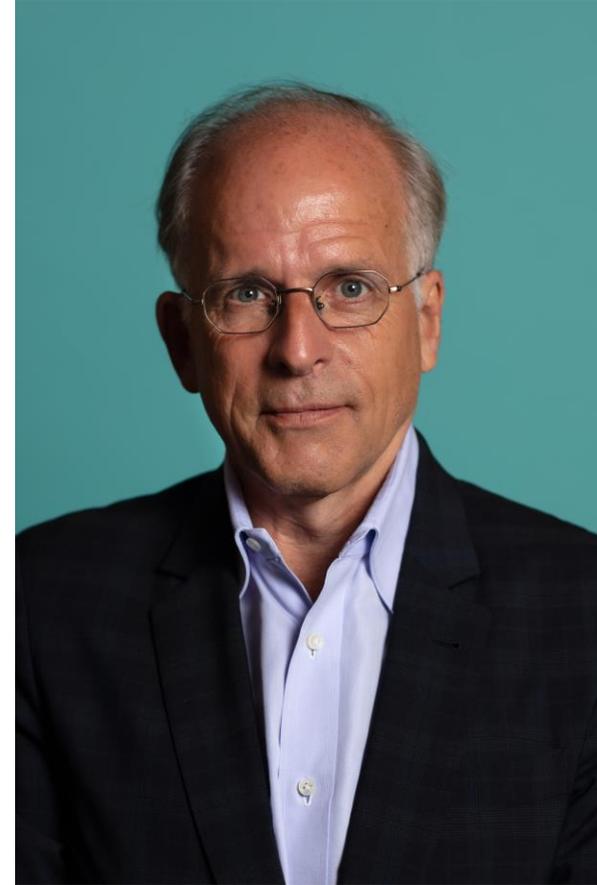
November 2022



# INTRODUCTIONS



Public Sector Practice



Impact Investments

# VENTURA COUNTY, 2019

**Shelter and rehousing**, funded both from HUD and locally

**Corrections**, including intake and incarceration into County jail and State prisons

Reliance on **behavioral health** emergency services, exacerbated by too few preventative resources

**Reliance on physical health emergency services**, some reimbursed by state/federal government, and many not

**Other criminal justice costs**, including policing, adjudication, and probation

**Victimization costs**, such as property damage, theft, and medical expenses

**Depressed business climate** limiting economic activity and weakening business attraction

**Lost economic opportunity** for the homeless themselves

# WHO WE ARE



# ABOUT US

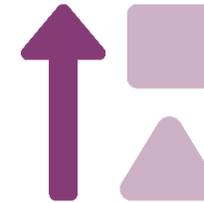
Social Finance is an impact finance and advisory nonprofit. By working with public, private, and social sectors, we create partnerships and investments to measurably improve lives, with significant focus on economic mobility.



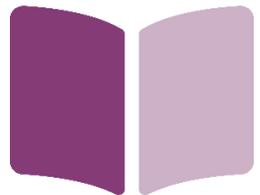
**Public Safety & Reentry**



**Children & Families**



**Economic Mobility**



**Education**

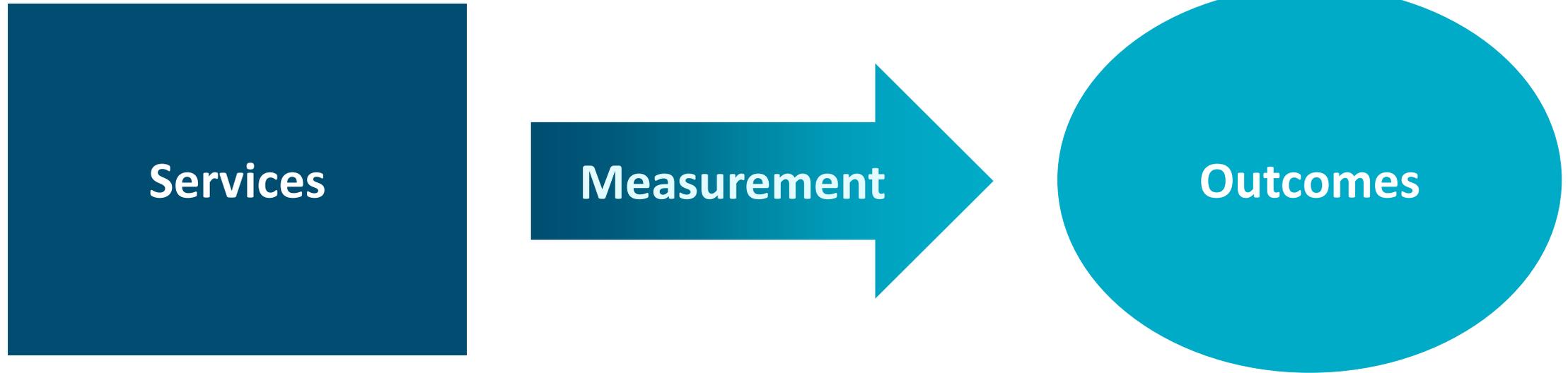


**Homelessness**



**Health**

# WE'RE MOVING TO A WORLD IN WHICH WE CAN PAY FOR OUTCOMES—TO THE EXTENT THEY'RE ACHIEVED

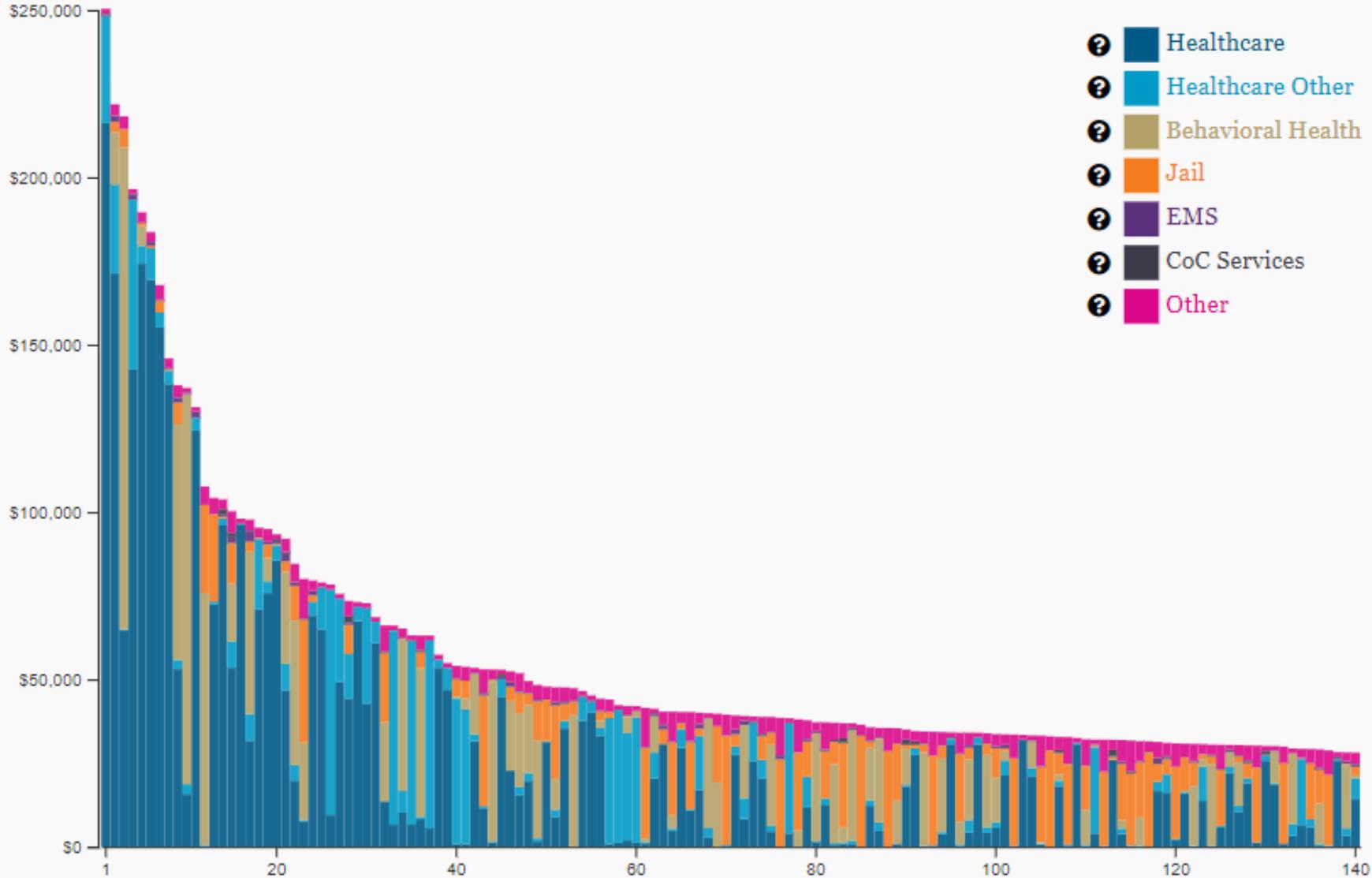


# VENTURA, REVISITED

**Integrated data from 13 County and City departments to track homeless programs, law enforcement, healthcare and behavioral health delivery, emergency transit, and other programs**



### Average Annual Costs (\$)



- Healthcare
- Healthcare Other
- Behavioral Health
- Jail
- EMS
- CoC Services
- Other

Total annual expenditures:

**\$7,980,000**

Avg. per-person cost:

**\$57,000**



FY17 & FY18

FY18 Only

Hover over the graph to explore per-category costs.

Other costs total:

**\$544,777**

Other as percent of total:

**10%**

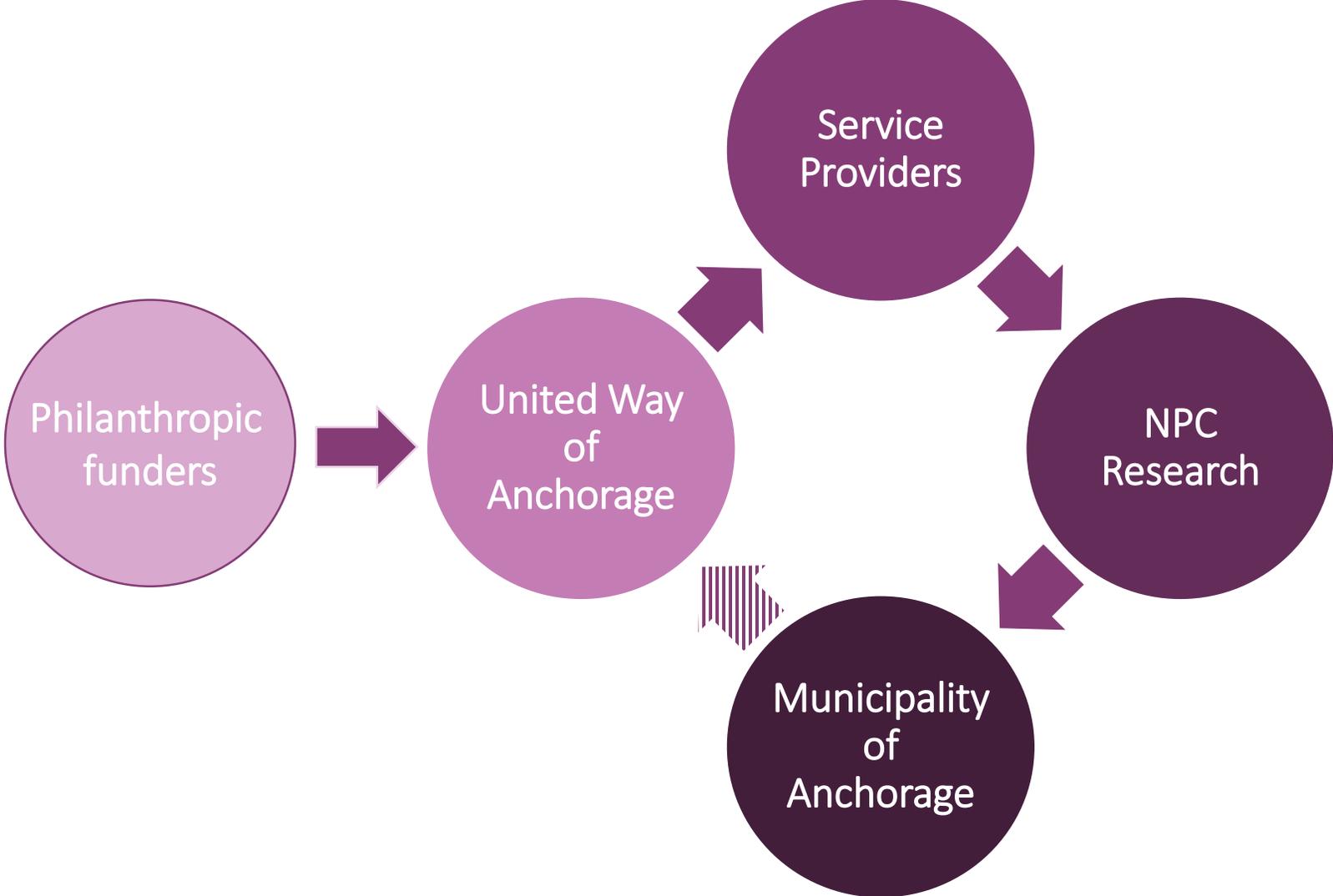
Other costs, avg. per-person:

**\$3,891**

# HOME FOR GOOD: PAYING FOR OUTCOMES



# HOME FOR GOOD: PAYING FOR OUTCOMES



# THE VALUE OF THIS APPROACH

It's about real, deep partnerships that include money & data, and that encourage adaptability

Focus on  
outcomes

Shared data

Feedback  
loops

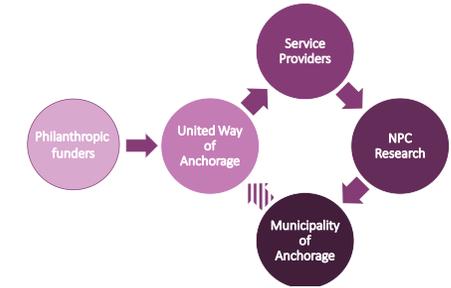
Governance

# WE CAN ACHIEVE THOSE GOALS IN DIFFERENT WAYS

## GOOD PRACTICE

- Evidence review; program prioritization
- Develop relevant data systems & processes
- Cost-benefit analysis
- Defining policy-relevant outcomes and metrics
- Data-driven population targeting
- Measurement planning
- Transparency in measuring and monitoring
- Data-driven performance management
- Provider capacity assessment
- Provider capacity building
- Contracting that links performance and payment
- Engaging public and private funder partnerships
- Financial structuring to enable outcomes contracting
- Legal agreements underlying funding arrangements
- Governance and ongoing stakeholder management
- Program design facilitation, stakeholder consensus building

Outcomes contract



Rate card

Metric	Definition	Incentive %	Price per metric
Maternal substance use	Complete <u>data entry</u> for all completed substance use screens (according to HRSA requirements) and, when appropriate, substance use referrals	15% of incentive pool	\$
Maternal depression	Complete <u>data entry</u> for all completed maternal depression screens and, when appropriate, maternal depression referrals		\$
Child developmental screening	Complete <u>data entry</u> for all completed child development screens and, when appropriate, child development referrals		\$
Maternal workforce development	Complete <u>data entry</u> for all PCGs employed, enrolled in education or training, or recently graduated from an education or training program while receiving services		\$
Full-term birth	Number of babies born at or after 37 weeks gestation	85% of incentive pool	\$5
Well-child visits	Total completed well-child visits per year per provider according to the AAP-recommended well-child visits schedule		\$5
No child injury	Total number of children without an incident of non-fatal injury related visits to the emergency department		\$5

Score card

Quality Incentive Deliverables	Maximum Score	
#1a. Safe Children / Resilient Youth The "safe in care" or resilient youth rate across all the families a provider serves.	60	Deliverable 1 updates still in progress
#1b. Serving Communities with High Risk The percentage of families served in zip codes that have high maltreatment risk (as defined by the maltreatment risk map).	30	
#2. Behavioral Change Analysis A metric that captures the consistent use of tools that measure behavioral change. This measure differs by program.	30	
#3. Enhanced Data Collection A measure of the accuracy and speed of data collection into the PERS system.	10	Will be greyed out for providers who don't meet ticket to entry
#4. PHS Increase The percentage of families for which there was an increase in score for a minimum of one protective factor.	?	
#5. Provider Operations Metric	?	
#6. Contract Management Metric	?	
<b>Total</b>	<b>?</b>	TBD

# WHAT WE DO: IMPACT INVESTING

## Our focus areas

### Impact Investing

Social Finance designs, launches, and manages impact-first investments and innovative financing solutions that generate positive outcomes for people and communities. We have mobilized >\$350M from a diverse group of more than 100 investors.

### Impact First

We operate with an impact-first mindset, where impact is based on outcomes rather than outputs. Achieving impact is the priority for every investment.

### Innovative Finance

We develop financing structures to channel capital into social programs that measurably improve lives. We work with our clients to understand the impact they want to achieve and design and structure each investment to meet social and financial objectives.

## How we work

### Authentic Cross-Sector Partnership

We partner with organizations across public, private, nonprofit, and social sectors to drive long-term systems change.

### Measurable Outcomes

We build data collection and measurement frameworks to track results and course correct to ensure each investment achieves the desired impact.

# PAY IT FORWARD FUND: OVERVIEW

How it works



A “win-win-win”

**Public Sector** and philanthropic funders achieve **policy goals**, ensure **accountability** and **results**, and maximize financial **sustainability**

**Providers** gain **flexible**, multi-year growth capital to **scale training**, increase capacity for **support services**, and facilitate rigorous **outcomes tracking**

**Diverse District Residents** **access** training, support services and employment with **downside protection**, and achieve a pathway to **economic mobility**

**Employers** achieve a **reliable pipeline** of diverse and skilled workers, fill **recruitment gaps**, improve **retention** and lower **turnover costs**

A Pay It Forward Fund can:

- Create **recycling** pools of capital to more sustainably invest in worker upskilling
- Provide capital with increased **flexibility** to scale a wider range of training providers
- Ensure District residents achieve **economic mobility** while receiving student-friendly financing
- Provide employers with **reliable pipeline of skilled workers** to address labor market gaps

# PAY IT FORWARD FUND: KEY CHARACTERISTICS

PIFFs have meaningful and intentional differences relative to traditional talent financing strategies

- 1 PRIORITY POPULATION** Targets individuals that face **barriers to accessing** high-quality education and training programs
- 2 WRAPAROUND SERVICES** Funds **wraparound support services, such as emergency aid funds & case managers**, critical for successful completion and job placement
- 3 BROAD PARTNERSHIP APPROACH** Targets cost-effective job training programs **agnostic to setting or organization type** (from apprenticeships to public workforce programs to technical and community colleges to for-profit enterprises)
- 4 STUDENT-CENTRIC TERMS** Built with an **unrelenting focus on student safeguards**, guided by a “Student Bill of Rights”<sup>1</sup>
- 5 IMPACT-FOCUSED FUNDING** Impact-focused capital from **public and/or philanthropically-minded** funders make the student-centric terms possible
- 6 ALIGNED INCENTIVES** Training providers have **financial “skin in the game”** (i.e., payments linked to graduation & employment) to ensure incentives are aligned on student success

1. Social Finance, [“Student Bill of Rights”](#)