



FOCUSING ON RESULTS: HOW NONPROFITS ARE USING DATA TO IMPROVE THEIR COMMUNITIES

APRIL 25, 2019

SREB GO Alliance 2019 Annual Meeting

▶ SOCIAL FINANCE OVERVIEW



Social Finance, Inc. is a nonprofit organization dedicated to
mobilizing capital to drive social progress

Our History

- **Founded in January 2011** by David Blood, Sir Ronald Cohen, and Tracy Palandjian
- One of the **first dedicated Pay for Success intermediaries in the country**

Our Global Network

- Social Finance UK, was founded in 2007 and launched **the world's first Social Impact Bond** in 2010
- We partner with Social Finance UK, India, Israel and the Netherlands in the world's only **Global PFS Network**

Our Team

- **Team of 50** includes experienced professionals from the public, private, and nonprofit sectors
- Offices in **Boston, MA, Austin, TX, and San Francisco, CA** and full-time staff presence in **Washington, DC and Salt Lake City, UT**

Children & Families



Workforce



Sustainability & Resiliency



Criminal Justice



Education



Health



► CORE PRINCIPLES OF PAY FOR SUCCESS

Using data and evidence intelligently is core to Pay for Success and to moving the needle on our most complex social problems

Social **impact goals are clearly defined** at the outset, and progress toward them is rigorously measured

Partners across the **public, private, and social sectors collaborate** around shared social impact goals

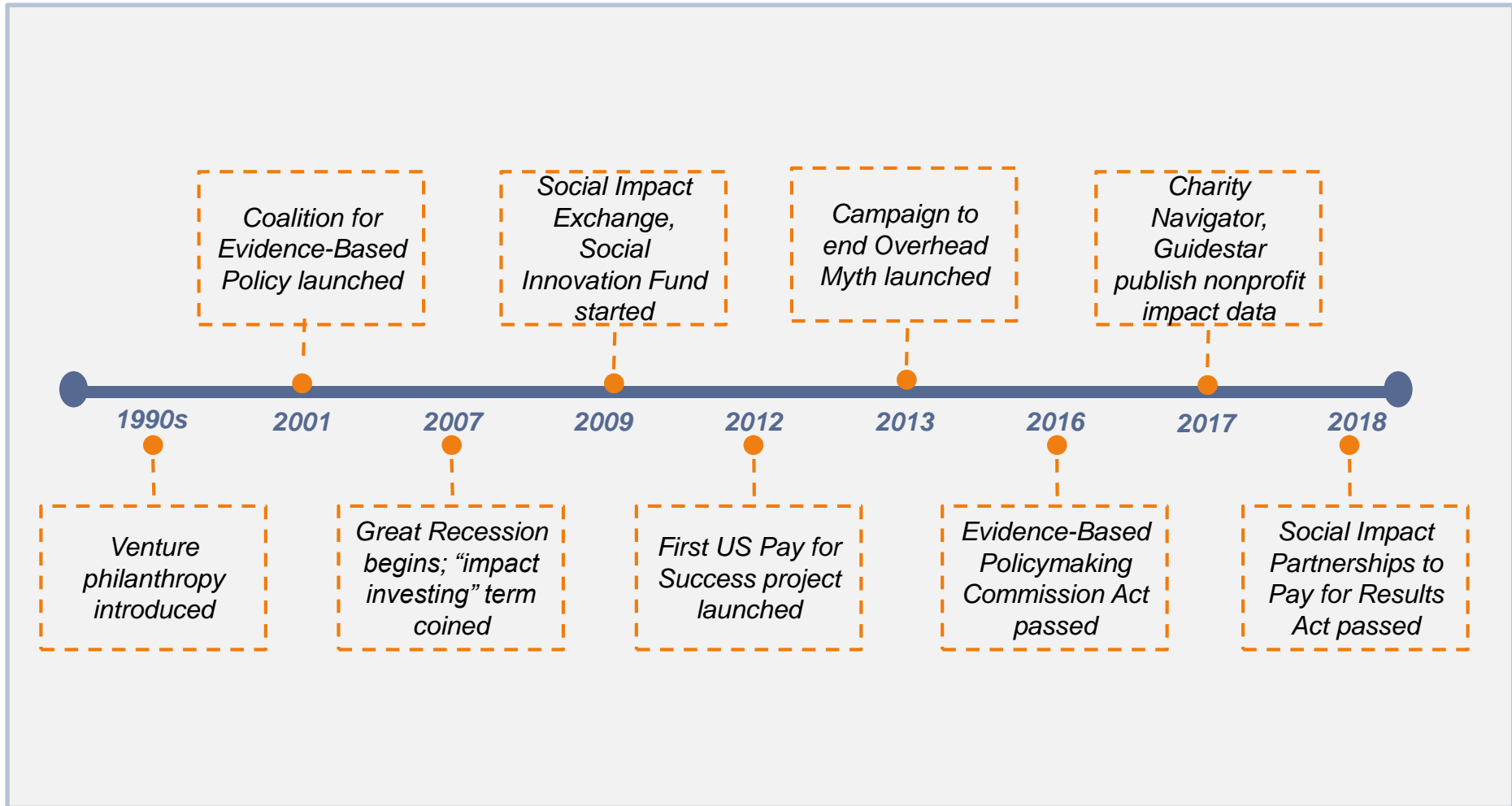
Robust governance and the injection of private capital ensure accountability and discipline, with **payment directly dependent on outcomes achieved**

▶ CROSS-SECTOR PARTNERSHIPS, GROUNDED IN DATA AND EVIDENCE, ARE CRITICAL TO ADDRESSING OUR MOST COMPLEX SOCIAL PROBLEMS



▶ THE GROWING MOVEMENT AROUND OUTCOMES

A multitude of forces—within the philanthropic, social, and public sectors—have shaped the growing focus on outcomes



▶ ADAPTING TO THE OUTCOMES MOVEMENT: THE NONPROFIT SECTOR
Social Finance conducted a survey of 39 Neighborhood Builders, a diverse set of nonprofit providers serving different populations across the country

53%

Has 3+ years of outcome data

32%

Collect programmatic data

12%

Have performed an external impact evaluation of their program, though 38% recognized that evaluations could be found on similar programs

▶ DEEP DIVE: COLLEGE POSSIBLE (1/2)

Making college admission and success possible for low-income students



Snapshot

Mission: To help low-income youth prepare for and earn admission to college and graduate

Founded: 2000

Annual Budget: \$20 million

People Served Annually: 30,000

Organization

College Possible is a nonprofit AmeriCorps organization that helps prepare low-income youth for college admission and persistence in the United States through an intensive curriculum of coaching and support.

Data

“College Possible has truly been data-driven from day one.”

Jeffrey Knudsen, Director of Data Analytics & Evaluation

- Incorporates **data expectations** into job descriptions, employees hold each other accountable
- Collects **meaningful, actionable data** so that all employees recognize its value for their work
- Invested in platform, CoPilot, that **reduces data entry burdens** and fits seamlessly with operations

▶ DEEP DIVE: COLLEGE POSSIBLE (2/2)

Strong evidence base with positive results demonstrated in a randomized controlled trial



Evidence-based programming

- **Near-peer coaching:** Powered by AmeriCorps and VISTA members who serve as near-peer coaches to high school or college students
- **Research-based curriculum** includes topics such as finding a best-fit college, academic preparation, financial planning, personal development
- **Peer support network:** Build a community of support among our students to serve as an additional source of encouragement
- **Commitment to college success:** The goal of a college degree

Evidence base

- **Randomized controlled trial** (2010-2013), Harvard Kennedy School
- Numerous reports on historical analyses and programmatic data
- Annual impact report

Results

- Increased applications and enrollment to four-year colleges and selective four-year colleges; initial enrollment at four-year colleges increased by more than 15 percentage points
- Little evidence of effect on ACT performance or college enrollment overall

▶ OUTCOMES-BASED CONTRACTING IN FEDERAL FUNDING

The Bipartisan Budget Act of 2018 included numerous pieces of legislation which emphasize evidence-based interventions, including:

Family First Prevention Service Act (IV-E)

- Sweeping reforms to Federal funding and support for child welfare services
- Shifts funding to evidence-based preventative and family support services

Maternal, Infant, and Early Childhood Home Visiting (MIECHV)

- Reauthorized through 2022
- Authorizes Pay for Success contracts for up to 25% of MIECHV funds

Social Impact Partnerships to Pay for Results Act (Results Act)

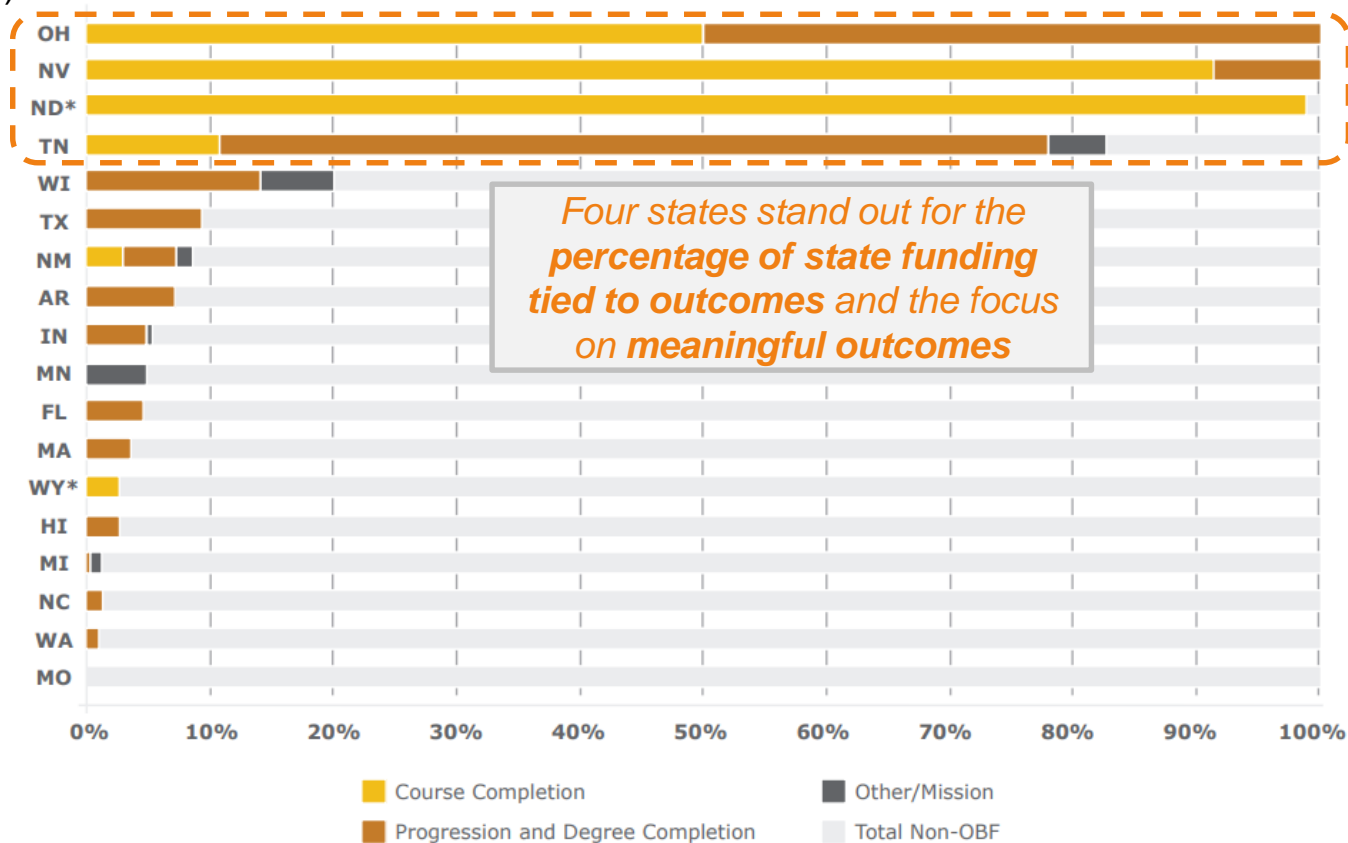
The Results Act appropriates **\$100 million** to the U.S. Department of the Treasury to support the launch of **state and local Pay for Success initiatives**. The Results Act creates an opportunity for state and local governments to **leverage federal resources to tangibly advance policy initiatives** while building a foundation for outcomes-based decision making.

Results Act funding can be used across the spectrum of Pay for Success project development to improve twenty priority outcomes, including those in the following issue areas: **child welfare, family stability, homelessness, education, health, employment, recidivism, and veterans**.

▶ STATE-LEVEL OUTCOMES-BASED FUNDING FOR HIGHER ED. (1/2)

The majority of states with OBF policies have low contingencies associated with the funds, or apply the funds as a bonus on top of base appropriations

Outcomes-Based Funding in Two-Year Sector as % of Overall State Institutional Support (FY 2016)



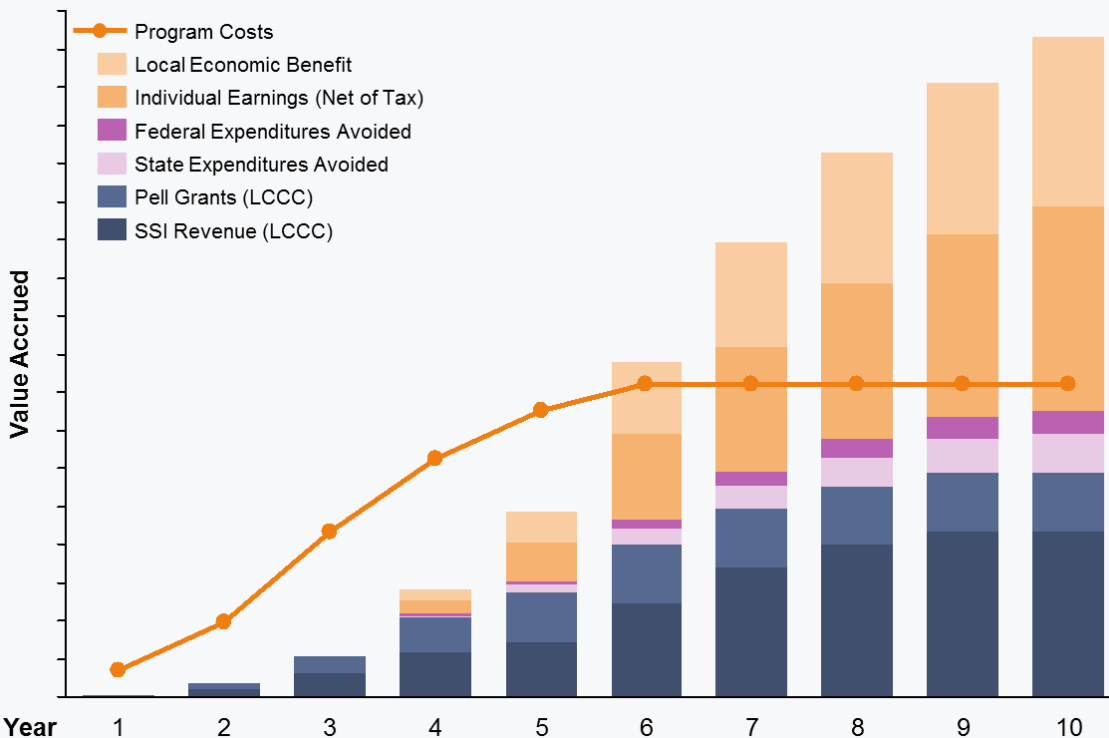
SOURCE: Martha Snyder and Brian Fox, HCM Strategists, "Driving Better Outcomes: Fiscal Year 2016 State Status & Typology Update"

*Course completion only; no other measures such as degree completion are included

EXAMPLE: OHIO'S STATE SHARE OF INSTRUCTION IMPACTS THE COST-BENEFIT OF SCALING COLLEGE COMPLETION PROGRAMS (2/2)

Lorain County Community College (LCCC) estimated that the Students Accelerating in Learning (SAIL) program generates value that exceeds program costs but that value is dispersed among parties

LCCC Revenues, Gov't Benefits, and Economic Value of SAIL

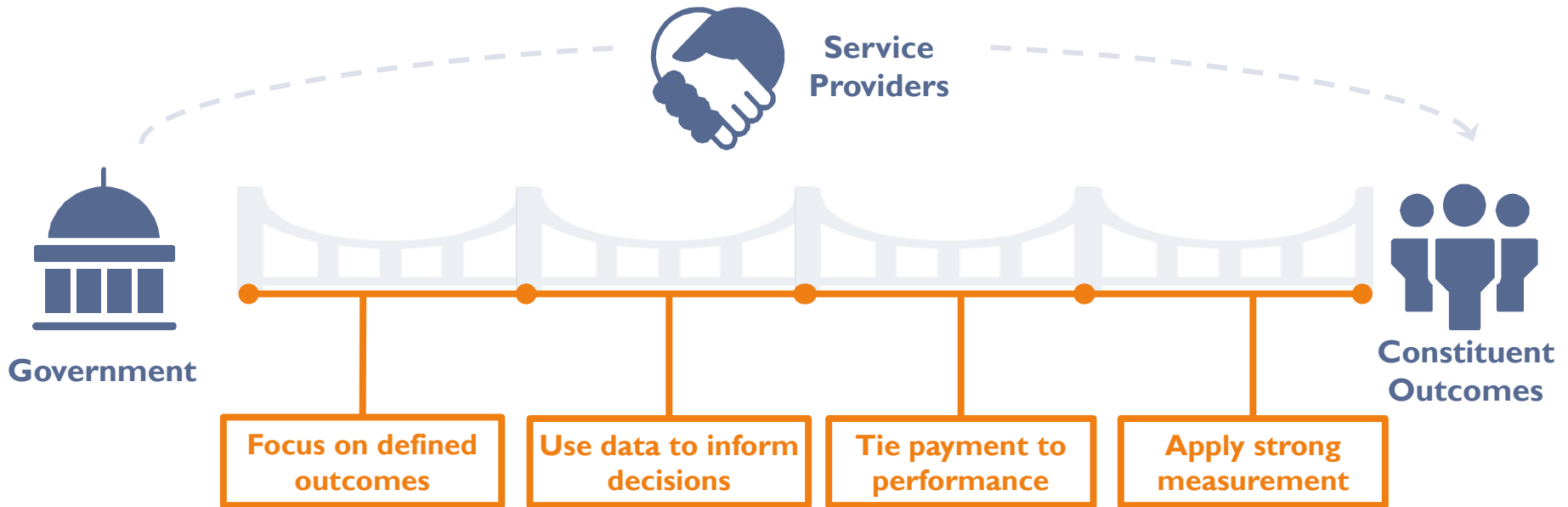


CBA Methodology & Sequence

- 1 The value to LCCC through increased SSI allocation and additional Pell Grant funds
- 2 The value to State and Federal government through decreased healthcare, criminal justice, and welfare utilization and increased tax revenue
- 3 The value to students and the community through increased earnings and local economic activity

▶ OVERVIEW OF PAY FOR SUCCESS STRATEGIES

Pay for Success is a set of principles and tools that governments can use to effectively contract with providers and bridge service delivery gaps



Reallocation of Existing Funding	Outcomes-Based Contract	Outcomes Rate Card	Prevention Fund	Social Impact Bond
<i>Payor updates existing contracts to procure outcomes</i>	<i>Payor contracts for outcomes, metrics, and pricing</i>	<i>Payor pre-specifies outcomes, metrics, and pricing (fully or partially contingent on outcomes)</i>	<i>Philanthropic funders provide working capital with no repayment</i>	<i>Private funders provide working capital at full cost of services</i>

FOCUSING ON RESULTS:

*How Nonprofits Are
Using Data to Improve
Their Communities*

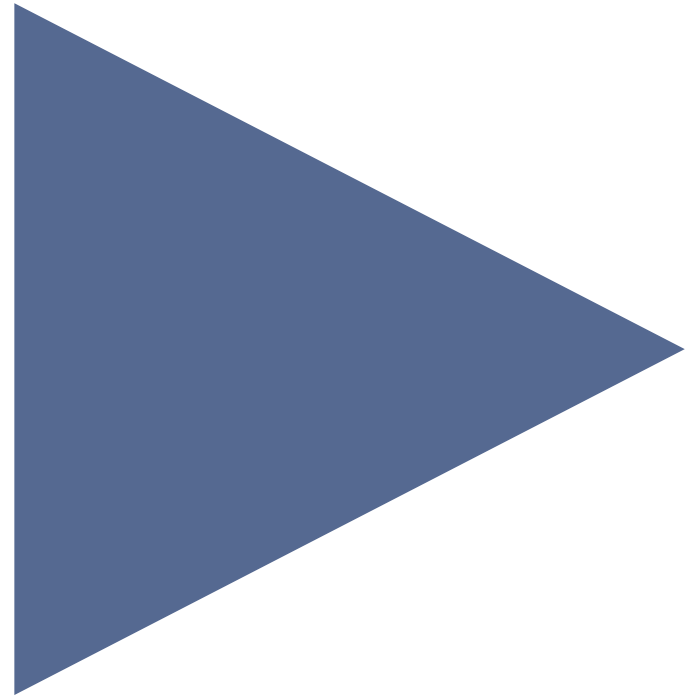
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November 2018

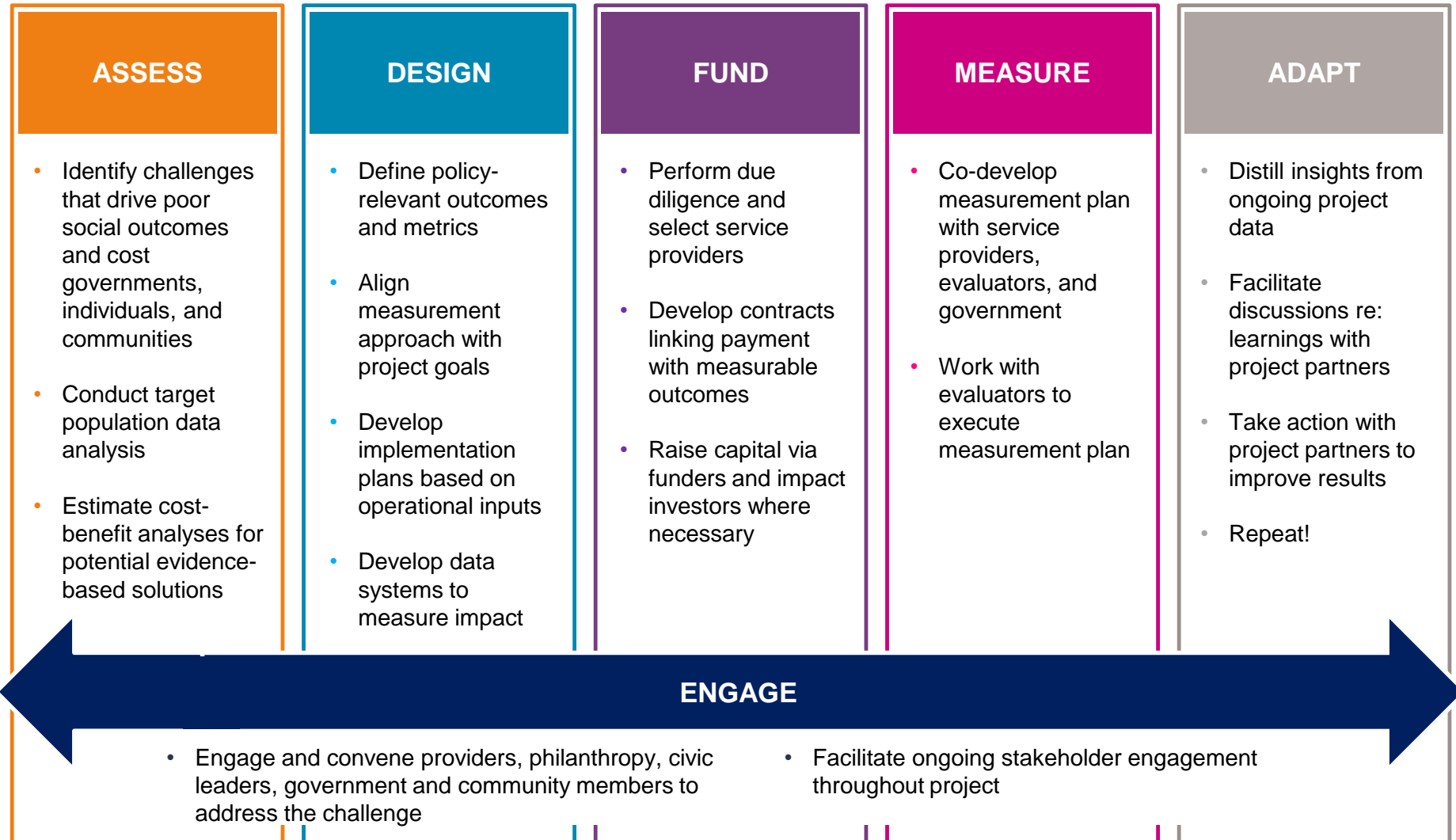


▶ APPENDIX



▶ WHAT WE DO

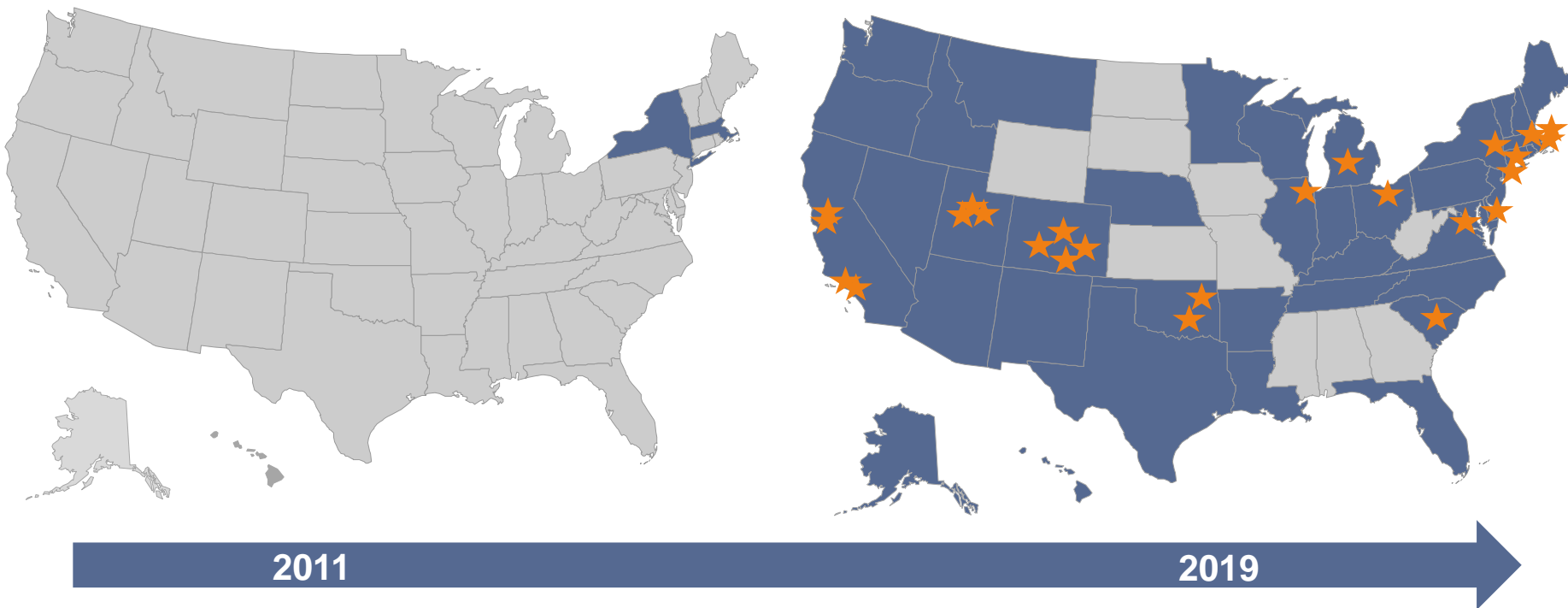
Social Finance Services



▶ 26 PAY FOR SUCCESS DEALS HAVE REACHED THE MARKET TO DATE
 ...and more are on the way

Children & Families	Criminal Justice	Health	Homelessness	Sustainability & Resiliency	Workforce Development
					
<ul style="list-style-type: none"> 1 Salt Lake Cty 2 Chicago 3 Cuyahoga Cty 4 Connecticut 5 Jefferson Cty 6 Colorado 7 Denver Cty 8 Oklahoma 	<ul style="list-style-type: none"> 9 New York City 10 Massachusetts 11 New York State 12 Salt Lake Cty 13 Oklahoma 14 Alameda Cty 15 Ventura Cty 	<ul style="list-style-type: none"> 16 South Carolina 17 Michigan 18 Delaware 	<ul style="list-style-type: none"> 19 Massachusetts 20 Santa Clara Cty 21 Denver 22 Salt Lake Cty 23 LA Cty 	<ul style="list-style-type: none"> 24 Washington, DC 	<ul style="list-style-type: none"> 25 Massachusetts 26 Massachusetts & New York

▶ THE PAY FOR SUCCESS LANDSCAPE IS EVOLVING QUICKLY

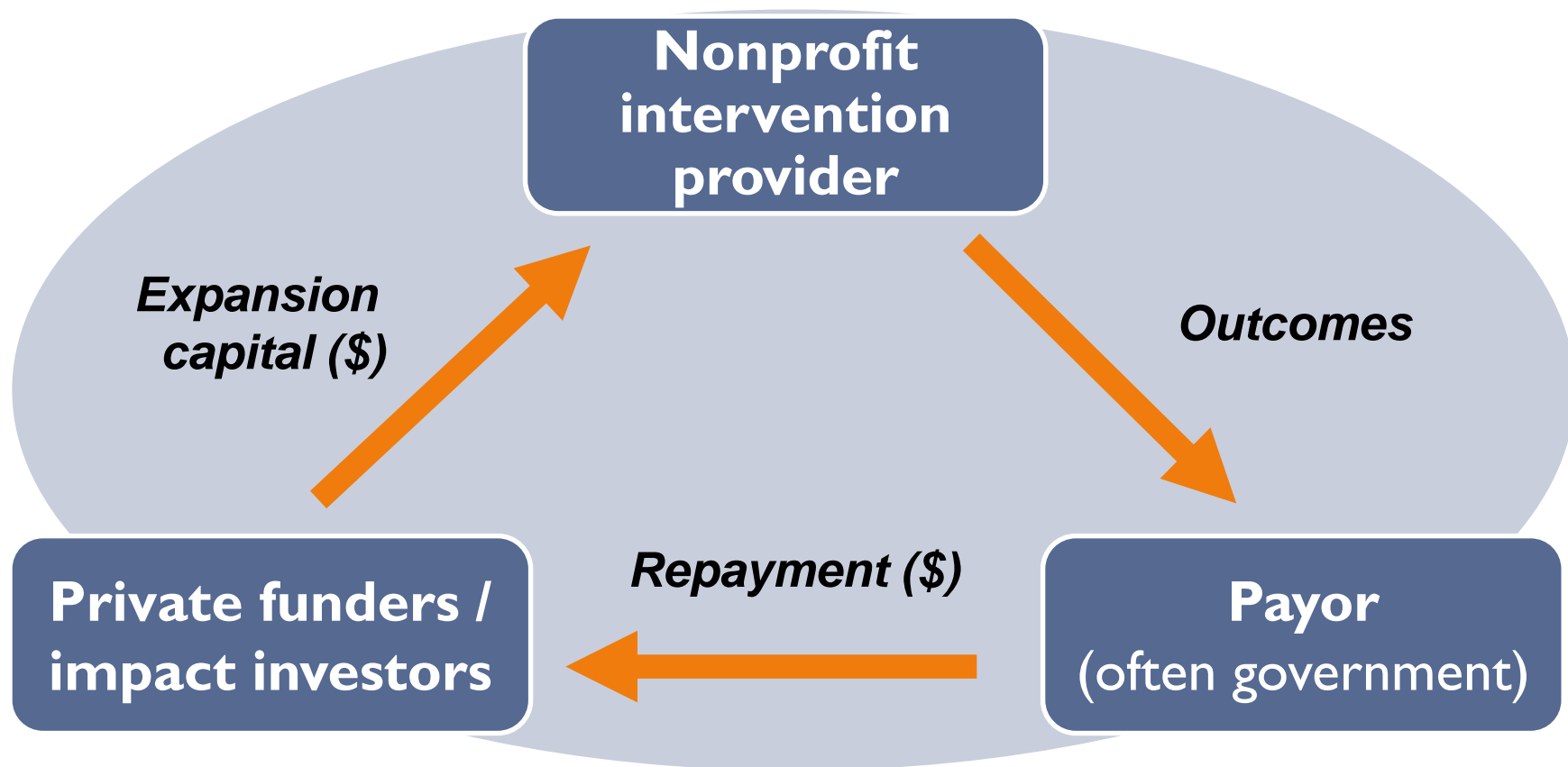


■ Taken steps to explore PFS*

★ Launched PFS project

* States are shaded where a state or local government has taken at least one of the following steps to explore PFS: introduced legislation, initiated procurement, commissioned a feasibility study, or entered into project development.

▶ WHAT IS A SOCIAL IMPACT BOND?



Social Impact Bonds leverage private capital to drive government resources towards outcomes, measurably improving the lives of people most in need

▶ WHEN IS PAY FOR SUCCESS USEFUL?

Important challenges faced by communities

Solutions have:

Defined Target Population

Underserved, large-scale population, with adequate demand for intervention

Measurable Impact Goals

Clear set of outcomes that intervention seeks to improve for target population

Intervention that Works

Track record of evidence that intervention reliably demonstrates performance against impact goals

Capable Service Provider(s)

Provider(s) with capacity to deliver intervention at scale and with high quality

Positive Value to Society

Achieving intended impact brings clear societal benefit (social, community, economic) in reasonable timeframe

Community / Payor Engagement

Intended impact attracts support from local stakeholders and jurisdictions