



Travis County Commissioners Court Agenda Request

Meeting Date: November 25, 2014
Prepared By/Phone Number: David Salazar
Office of the Travis County Judge
512-854-9555

Elected/Appointed Official/Dept. Head: Samuel T. Biscoe
Travis County Judge

Commissioners Court Sponsor:

AGENDA LANGUAGE:

CONSIDER AND TAKE APPROPRIATE ACTION ON THE FOLLOWING REGARDING THE "PAY FOR SUCCESS" INITIATIVE:

- A. REQUEST FOR TRAVIS COUNTY TO SERVE AS GRANT APPLICANT OR CO-SPONSOR OF THE GRANT APPLICATION; AND
- B. A FINANCIAL CONTRIBUTION OF \$25,000.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

Please see attached.

STAFF RECOMMENDATIONS:

ISSUES AND OPPORTUNITIES:

FISCAL IMPACT AND SOURCE OF FUNDING:

REQUIRED AUTHORIZATIONS:



**Pay For Success (PFS) Feasibility Study
Funding Request Submitted to Travis County
November 4, 2014**

Vision

United Way for Greater Austin (UWATX) and Greenlights envision that many of our community's most intractable problems can be solved (or at least significantly and measurably improved), but that such solutions will likely require more innovative approaches than have traditionally been employed. Communities across the country have had initial success with a new form of structuring and financing community problem-solving called Pay for Success (PFS). **We would like to undertake a robust initial assessment to determine whether Austin/Travis County has the elements essential to structuring such an initiative, and if so, which community problems might be most ripe for application of PFS.**

Background

Pay for Success (PFS) is an innovative financing mechanism that could significantly change the way social interventions are funded and scaled to meet growing community need. PFS is a promising new practice in which philanthropic and private risk capital are used to fund health and human services (most often in a preventative fashion) that have been shown to produce real results, while also reducing the financial and societal costs associated with remediation. Once defined outcomes are achieved among the target populations (e.g., youth living in poverty; the chronically homeless), investors are reimbursed by the beneficiaries of the demonstrated cost savings (typically governmental and/or health care agencies).

PFS is characterized by three unique advantages over typical public procurement of health and human services: 1) government pays for the services ONLY if certain pre-approved outcomes are achieved (rather than in advance on the hopes they will be achieved); 2) private investors/philanthropists provide the up-front capital needed to implement the interventions and thereby shoulder most of the risk of success; and 3) only evidence-based and/or proven, promising practice interventions are funded and scaled.

Project Definition

In order to formally define, assess and prioritize issue areas where PFS could add significant value in Austin and Travis County, UWATX and Greenlights are seeking to engage a third-party

expert consultancy that specializes in PFS to conduct a landscape assessment of our community's readiness for PFS. Over a period of 3 to 9 months, the selected nonprofit consultancy would: 1) conduct a landscape survey of the community's likelihood of embracing PFS and of 4 to 6 issue areas to determine which have the highest likelihood of success within a PFS initiative; 2) perform a detailed feasibility study on the two highest priority areas, as determined by the landscape survey; and 3) engender in this community a new level of awareness of, and capability to execute on, future PFS initiatives.

Project Goals

1. Gather a broad understanding of how well our community leaders understand and might be open to embracing a PFS initiative in Austin/Travis County, and whether the fundamental elements of success are present in this community.
2. Gather consistent data across all opportunity areas in order to assess which interventions have a proven history of success and are thus good candidates for PFS. Data will be collected to determine the following in Austin/Travis County: baseline levels of social service provision; historical outcome data; demographics of current and potential service recipients; costs incurred to publicly and privately funded institutions and capacity to fund a PFS deal.
3. Analyze the Austin/Travis County social service landscape and prioritize potential PFS projects based on local need, funder interest, financial return and overall community benefit.
4. Define a project and timeline to implement and launch Austin/Travis County's first PFS deal.
5. Identify relevant institutional and individual partners and secure commitments for the provision of financial support, social service delivery, data sharing and program evaluation.

Anticipated Cost

We are currently evaluating proposals from the two national leaders in Pay for Success (PFS). [Third Sector Capital](#) would charge a flat fee of \$150,000, exclusive of travel expenses. [Social Finance](#) has estimated a cost between \$120,000 and \$165,000, depending on the scope and duration of the project.

Commitments Secured

- Austin/Travis County Health and Human Services – \$25,000
- Central Health – \$25,000
- United Way for Greater Austin – \$15,000 (in-kind contributions)
- Greenlights – \$15,000 (in-kind contributions)

Commitment Sought from Travis County

In order to hire a consultancy to conduct an initial landscape survey and feasibility study, UWATX and Greenlights are requesting \$25,000 from Travis County. We are also requesting that the County authorize its staff to work with the City of Austin, UWATX, and Greenlights to pursue a new federal award competition that might fund part of this initiative. Third Sector Capital recently received \$1.9 million in federal funding through the Social Innovation Fund

(SIF), administered by the Corporation for National and Community Service, and closely affiliated with the White House. This November, Third Sector will launch a competition to select 5 to 10 sub-recipient communities across the country. Each selected site will receive technical advisory services and support throughout the feasibility stage of PFS construction. Pending approval from City of Austin and Travis County, UWATX and Greenlights will lead local efforts to submit a collaborative city/county proposal to this competition. If selected by Third Sector, the County's \$25,000 contribution may no longer be needed to hire a consultancy. However, the County's funding can be applied toward a match that the federal government is mandating for all SIF sub-recipients. Third Sector plans to announce the winning sub-recipients by April 2015.

Social Innovation Fund Award Competition

[Home](#) → [Our Work](#) → **Social Innovation Fund Award Competition**



[Overview](#) | [Application](#) | [Resources](#) | [SIF Award Partners](#) | [Contact](#) | [SIF Program](#)

Overview

Overview Memo for Third Sector's Competition

- Pay for Success (PFS) is an innovative way for government to measurably improve the lives of people most in need by driving resources toward better, more effective programs.
- PFS changes the way government allocates and invests its resources by leveraging philanthropic and private dollars to fund services up front. Government pays only after service providers generate results.
- An increasing number of state and local governments as well as nonprofit service providers are exploring how PFS can be used to address significant social issues in their communities.

Third Sector Capital Partners, Inc. has received a three-year, \$1.9 million grant award as part of the Social Innovation Fund's (SIF) inaugural PFS grant program. The award will be matched by an equal amount of in-kind and cash match funding from Sub-Recipients and external funders.

Third Sector is holding open competitions to select up to 10 Sub-Recipients that will receive feasibility and technical assistance services to develop a blueprint for the construction of a PFS project. Our [SIF Award Partners](#) will support Third Sector's work by providing issue area, programmatic, and evaluation expertise to Sub-Recipients. For more information on Third Sector's Feasibility and Technical Assistance work, please visit [Our Work](#).

The goal of Third Sector's SIF Award competition is to accelerate the development of PFS projects across multiple levels of government nationwide and to share lessons learned with a broad community of stakeholders to increase adoption of evidence-based policymaking.

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Application

Completed applications are due by January 16, 2015 by 5:00 p.m. PST. Please review the **PFS Readiness Framework: Description of Selection Factors** in the Application Guide when completing the Application Form. Any amendments to the Application Materials or Timeline will be posted on this webpage. Please email sifcompetition@thirdsectorcap.org to add your email to the distribution list for notification of any amendments.

The Application Form and Application Guide are the primary materials necessary for completing and submitting and application. They include detailed information on the timeline, application instructions, minimum eligibility criteria, and selection factors.

- [Application Form](#)
- [Application Guide](#)

- **Intent to Apply Form** (will be posted November 24, 2014)

Applicants are encouraged to submit the Intent to Apply form on or before December 9, 2014.

Timeline

The following timeline is subject to amendment. Any amendment will be posted on this webpage.

November 18, 2014	Application Form and Application Guide Released
November 21, 2014 at 12:00 p.m. EST	Webinar for Potential Applicants Register here: click here
November 18-26, 2014	Open Question Period Submit questions to: sifcompetition@thirdsectorcap.org
December 5, 2014	Answers to Questions Posted
December 9, 2014	Intent to Apply Forms Due (encouraged by not required)
December 8-19, 2014	Open Information Period for Applicants
TBD	Webinar “Readiness Workshops”
January 16, 2015 by 5:00 p.m. PST	Applications Due
February 9-13, 2015	Finalist Due Diligence Interviews
End of February 2015	Sub-Recipients Announced

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Resources

Webinars

Third Sector Webinar for Potential Applicants | November 21, 2014

- PDF of presentation and recording link will be posted the week of November 24, 2014.

Third Sector SIF Pay for Success Award – Introductory Webinar | October 24, 2014

- [Webinar Presentation PDF](#)

Press

- [Third Sector SIF Pay for Success Award Press Release](#) | October 1, 2014

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SIF Award Partners

Third Sector has partnered with leading national organizations that will assist in developing our competition, conducting outreach efforts, sharing lessons learned and delivering services to Sub-Recipients.

Abt Associates is a mission-driven, global leader in research and program implementation in the fields of health, social and environmental policy, and international development. Known for its rigorous approach to solving complex challenges, Abt Associates is regularly ranked as one of the top 20 global research firms and one of the top 40 international development innovators. The company has multiple offices in the U.S. and program offices in more than 40 countries.

Abt will provide evaluation and programmatic experts who will work alongside Third Sector staff in delivering Technical Assistance, thus not only benefiting the Sub-Recipients, but also building other partners' capacity to bring PFS expertise to their much wider audience of governmental leaders.

America Forward is a national non-partisan policy initiative, spearheaded by the nonprofit social innovation organization and venture philanthropy fund

New Profit, Inc. We unite national policymakers with innovators who lead high-impact and results-driven organizations, to advance a public policy agenda that champions innovative and effective solutions to our country's most pressing social problems.

The National Association of Counties (NACo) is the only national organization that represents county governments in the United States. Founded in 1935, NACo assists America's 3,069 counties in pursuing excellence in public service to produce healthy, vibrant, safe and resilient counties. NACo promotes sound public policies, fosters county solutions and innovation, promotes intergovernmental and public-private collaboration and provides value-added services to save counties and taxpayers money.

The National League of Cities (NLC) is dedicated to helping city leaders build better communities. NLC is a resource and advocate for 19,000 cities, towns and villages, representing more than 218 million Americans. The Institute for Youth, Education, and Families, an action tank within NLC, helps municipal leaders take action on behalf of the children, youth, and families in their communities.

The National Governors Association (NGA) is the bipartisan organization of the nation's governors. Through NGA, governors share best practices, speak with a collective voice on national policy and develop innovative solutions that improve state government and support the principles of federalism.

NLC, NGA, NACo, and America Forward will educate their constituencies about the benefits of PFS and the opportunities presented by the SIF PFS project. They also bring a cadre of experts in governmental structure and the SIF priority program issue areas to assist in providing high quality technical assistance. This partnership will ensure that these organizations' resources and insights are brought to bear in building the knowledge base necessary to scale PFS Social Impact Financing nationally.

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Contact

Please email all questions or other inquiries to: sifcompetition@thirdsectorcap.org.

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Corporation for National and Community Service Social Innovation Fund PFS Competition

The [Social Innovation Fund](#) (SIF), a key White House initiative and program of the Corporation for National and Community Service (CNCS), combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States.

On June 26, SIF released a Notice of Funding Availability (NOFA) of up to \$12 million for the 2014 SIF PFS grant competition. Congress wanted an agency to do an honest, impartial experiment about Pay for Success as a solution and to learn more about where and how it works best. Grantees will focus on funding solutions in SIF's priority areas of economic opportunity, healthy futures, and youth development. Furthermore, SIF's goal with its Pay for Success competition was to accelerate the Pay for Success field by diversifying the sector, in terms of social issue areas, geographies and implementing organizations.

SIF selected grantees to implement projects in one of two approaches: 1) Provide Technical Assistance to Assess Feasibility and Develop PFS Capacity or 2) Structure PFS Transactions. Third Sector was awarded \$1.9 million to do the former.

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Contact Us

Boston

200 Clarendon St., 9th Floor
Boston, Massachusetts 02116

San Francisco

353 Sacramento St., Suite 740
San Francisco, California 94111

Downloadable Materials

- [Introduction to Pay for Success and Social Impact Bonds](#)
- [Case Study: Preparing for a PFS Opportunity](#)
- [SF Federal Reserve Article](#)
- [Massachusetts PFS Project Brief](#)

News & Press

- ▶ [Salt Lake County announces Request for Information to identify PFS issue areas](#)
- ▶ [Third Sector Receives \\$1.9 Million PFS Grant From the Social Innovation Fund](#)
- ▶ [Video: "The Complex Anatomy](#)

Real Time Tweets

- RT @SIFund: George Overholster of @3SCapital "If we find music the way we find soc services, we would all be listening to Meatloaf on an 8-...
[6 hours ago](#)

(617) 912-8957

Join Our Mailing List
info@thirdsectorcap.org



- [Massachusetts PFS Lessons Learned](#)
- [Case Study: From Idea to Action: Pay for Success in Santa Clara County](#)

of Social Impact Bonds” at
SOCAP14

[View more tweets](#)

Social Innovation Fund – Pay for Success Award

October 24, 2014

In partnership with Abt Associates, America Forward, National Association of Counties (NACo), National League of Cities (NLC), and National Governors Association (NGA)

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Third Sector Capital Partners, Inc.

Boston & San Francisco | (617) 912-8957 | info@thirdsectorcap.org | www.thirdsectorcap.org

Third Sector Capital Partners, Inc. – SIF Award Team



Caroline Whistler
Partner & Co-Founder



Gerald Croan
Director



Tim Pennell
Associate Director



Will Toaspern
Analyst



Alice Phinizy
Manager of Finance
& Operations

Agenda

- Introduction to Third Sector Capital Partners, Inc. and Social Innovation Fund (SIF) Award Partners
- Overview of SIF Pay for Success (PFS) Program
- Third Sector SIF Pay for Success Award
- Third Sector Feasibility Process
- Next Steps

Third Sector Capital Partners, Inc.

Mission

Accelerate America's transition to a performance driven social sector

Who We Are

Third Sector Capital Partners, Inc. is a 501(c)3 nonprofit advisory firm that collaborates with government, funders and service providers to address social needs through Pay for Success initiatives.

PFS Advisory Services

- Feasibility Studies
- Project Construction
- Field Building and Advocacy

Our Work

- Launched \$27 million Massachusetts juvenile justice project
- 16 Projects in development nationwide.

Our Team

- Expertise across government, private and nonprofit sectors
- Founding member of Capital One management team
- Former Assistant Secretaries of Public Safety in MA and Health and Human Services in CA
- Founder of Caliber Assoc. & Former Head of Strategy for ICF Intl
- Former head of Global Public Finance for JP Morgan Chase

Partner Introductions

Chris Spera, Division Vice President, Abt Associates



Kira Mikityanskaya, Manager, America Forward



Kathy Rowings, Justice Associate, NACo



Laura Furr, Senior Associate, NLC



Jennifer Brooks, Director for Economic Development, Human Services and Workforce, NGA



Social Innovation Fund Overview with Jenni Stoff, Senior Program Officer for the Social Innovation Fund

- The Social Innovation Fund (SIF), a key White House initiative and program of the Corporation for National and Community Service (CNCS), combines public and private resources to grow the impact of innovative, community-based solutions that have compelling evidence of improving the lives of people in low-income communities throughout the United States.
- Priority issue areas:
 - Healthy Futures
 - Economic Opportunity
 - Youth Development



SIF selected eight grantees for its inaugural PFS Competition



INSTITUTE *for* CHILD SUCCESS



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SIB LAB



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Requirements of SIF Pay for Success Competition

- All of the grantees will hold open competitions to select Sub-Recipients who will receive either:
 - Technical assistance to assess PFS feasibility and develop PFS capacity **OR**
 - Support for the construction of PFS projects
- Every SIF grant dollar must be matched by the grantee and/or Sub-Recipient with nonfederal dollars and services.
- Sub-Recipients will receive grants or services from SIF valued at a minimum of \$50,000 for periods of up to three years.

Third Sector was awarded \$1.9 million to provide PFS feasibility technical assistance to governments and service providers

Amount	\$1.9 million for 3 years and two cohorts of Sub-Recipients.
Issue Areas	Economic opportunity, healthy futures and youth development
Geographic Focus	National
Target Sub-Recipients	Government entities and partnerships
Collaborating Partners	Abt Associates, America Forward, National Association of Counties, National League of Cities, National Governor's Association
Funding Partners	\$800K match raised to date from High Net Worth Individuals, William and Flora Hewlett Foundation, Kresge Foundation, New Profit Inc., Living Cities (depending on Sub-Recipients selected)

Our partners bring a combination of PFS and issue area expertise to support our Sub-Recipients and share lessons learned across the nation.

Partner Introductions

Chris Spera, Division Vice President, Abt Associates



Kira Mikityanskaya, Manager, America Forward



Kathy Rowings, Justice Associate, NACo



Laura Furr, Senior Associate, NLC



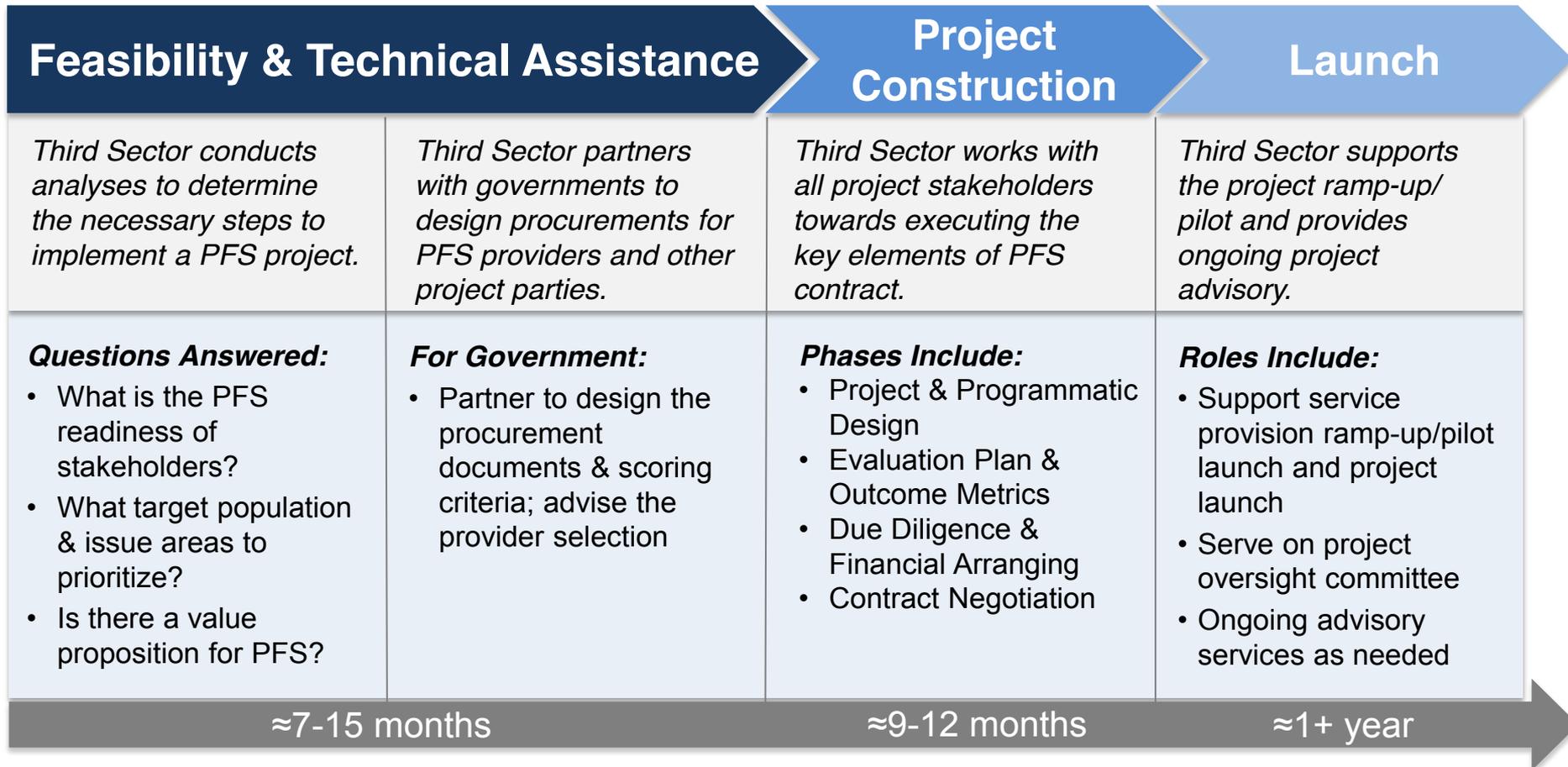
Jennifer Brooks, Director for Economic Development, Human Services and Workforce, NGA



Third Sector's SIF Competition will advance PFS through feasibility studies and knowledge sharing

1. Create a laboratory for testing promising PFS mechanisms and infrastructures, providing assistance to approximately 10 Sub-Recipients (across two cohorts) who have:
 - Engaged decision makers from multiple levels of government
 - Energized local funder support
 - Demonstrated a high degree of PFS readiness
2. Build capacity to convert the lessons learned from Sub-Recipients and other PFS projects into scalable PFS blueprints that will be shared with a wider audience.

A Feasibility Study is the first step in identifying and outlining a path towards a launched PFS project



Determining PFS Readiness

- **Viable Target Population and Issue Area**
 - Robust *definition of sizeable target population(s)*
 - Clear *definition of target outcome(s) of interest*
 - Availability and accessibility of *government administrative data sources*
 - *Baseline outcome metrics* to understand the “status quo”
 - Cost-Benefit of *areas of potential economic or social benefit*
- **Presence of Scalable, Evidence-Based Interventions and Providers**
- **Government Capacity to implement a PFS initiative, including:**
 - Dedicated leadership and staff capacity
 - Committed End-Payer(s)
 - Existing PFS Resources
 - Prior experience with PFS

Third Sector's approach focuses on iterating and refining hypotheses into clear, concise action



The main deliverable of the Feasibility Study will be a PFS blueprint

- **Completed feasibility study** that responds to each of the criteria in the PFS readiness assessment and includes a PFS Blueprint implementation plan
- **Evaluability Assessment** to assess feasibility of a PFS evaluation in terms of cost, practicality, statistical power/accuracy and organizational readiness
- **High-level integrated economic model** that incorporates target population data, outcome metrics, and cost-benefit analysis
- **Creation of funder interest groups** to promote interest in financing on-going PFS project construction needs and financing the PFS contract
- **Participation in webinars, presentations, convenings, and training workshops** by PFS SIF Partners and networks
- **Specialized services from Subject Matter Experts (SMEs)** to support feasibility on an as-needed basis

Next Steps

- Continue the conversation with potential partners—PFS readiness is an ongoing process; and your level of readiness will be an important factor in the competition
- Have your government champions and government provider partnership teams reach out to us to schedule conversations and follow ups: SIFcompetition@thirdsectorcap.org
- Stay tuned for updates on SIF competition announcements, and join our next webinar on competition details in a few weeks!
- Plan for our open competition process to be released next month, with Cohort 1 Sub-Recipients selected by end of Q1 2015.

Questions