

ResultsOHIO

— Private sector solutions for public sector challenges —

results.ohio.gov

TODAY'S DISCUSSION

- **What is Pay for Success (PFS)?**
 - How does it work? Where has it worked?
- **ResultsOHIO Overview**
 - How can it work for you and your project?
- **Private Sector Ideas and Impact**
- **ResultsOHIO: Process, Work Flow, Application, and Finalization**

PAY FOR SUCCESS OVERVIEW

- **Pay for Success (PFS)** is a project delivery mechanism that offers an innovative way to engage expertise and capital outside of public entities to initiate projects and services for the benefit of the public good.
- In a PFS model, private capital is leveraged to fund the costs of a project, while public dollars are set aside and only released to repay the private investment if the project achieves predetermined outcomes.
- The PFS model creates the framework to scale promising interventions and measure the impact of service delivery – ensuring taxpayer dollars are spent both efficiently and effectively.
- Traditionally, PFS projects have addressed policy issues related to: education, public health, criminal justice, housing, workforce development, and natural resource management. However, any public policy challenge that has a measurable performance metrics to demonstrate success may be a candidate for PFS.

ROLES IN PAY FOR SUCCESS

- **Private Funder**
 - Provides up-front private funding
 - Typically a philanthropy, private foundation, or private investor
- **Service Intermediary**
 - Responsible for project management and disbursement of private dollars to service provider
- **Service Provider**
 - Delivers services to target population receiving the intervention
 - Typically a non-profit or other private entity
- **Evaluator**
 - Measures whether or not outcomes were achieved through the delivery of services by the service provider
- **Government Payor**
 - The General Assembly, State Agency, or Local Government
 - Responsible for reimbursing private funder upon the service provider successfully achieving outcomes

EXAMPLES OF PAY FOR SUCCESS PROJECTS



Utah High Quality Preschool Program PFS Project

A \$7 million project serving target population of 3,500 children aged 3-4 years. Project involves children from two Utah school districts and has a duration of 4+ years.

Without intervention, children were determined to be at a higher risk for requiring remedial education services.

The project provides children with high-quality preschool programs in order to reduce achievement gaps upon entering kindergarten, increase school readiness and long-term academic performance, and ultimately reduce the need for remedial services.

Performance metrics are measured annually.



Oklahoma Women in Recovery PFS Project

A \$10 million project to address the high female incarceration rate in Oklahoma.

The effort focuses on providing services, including substance abuse and mental health treatment, to women who are at risk of becoming incarcerated for non-violent, drug-related offenses.

The project serves 700 women and success is measured by whether program participants are incarcerated.

VA



U.S. Department
of Veterans Affairs

Veterans CARES PFS Project

A \$5.1 million project that provides job search and mental health services to 500 unemployed or underemployed veterans living with post-traumatic stress disorder (PTSD) to assist them in gaining and retaining employment.

Over the project's 3-year service delivery, performance metrics, including earnings, sustained competitive employment, and job satisfaction will be measured to determine outcomes payment.

PAY FOR SUCCESS IN OHIO

- Prior to **ResultsOHIO**, if a state agency or local government wanted to launch a PFS project, it would likely need to:
 - Identify project partners, including service provider, service intermediary, and private capital
 - Procure an independent evaluator
 - Set performance metrics
 - Manage contract negotiation and deal structuring
 - Determine project costs
 - Set aside funding for payments upon service providers achievement of performance metrics
 - Manage disbursement of public funds

ResultsOHIO OVERVIEW

- ResultsOHIO is an infrastructure established by Ohio Treasurer Robert Sprague to assess prospective pay for success (PFS) projects and shepherd their eventual launch and implementation.
- **The ResultsOHIO program may be used for new and innovative pilot projects or to scale existing promising interventions**
- By using ResultsOHIO's streamlined and uniform process for assessment, prospective projects can get one step closer to taking root in Ohio.
- Utilizing ResultsOHIO allows governmental entities in Ohio the ability to launch PFS projects without having to acquire or develop PFS expertise.



HOW ResultsOHIO WORKS FOR YOU

- **ResultsOHIO is designed to protect taxpayer dollars by ensuring they are only spent on projects with proven results.**
- **The charge of ResultsOHIO is important as State and local governments are dealing with unforeseen budget constraints brought on by COVID-19.**
- PFS mechanisms are not appropriate in all situations given the structure and costs associated.
 - Resources provided by the Treasurer's office:
 - Support and facilitate interactions with State of Ohio agencies, Governor's office, General Assembly, federal agencies, and local governments.
 - Open Notice of Application, manage application platform, and screening process.
 - Treasurer's office seeks to be a resource in determining what types of organizations have previously supported PFS projects and may be interested in supporting future PFS projects.
 - Support the connection between potential projects that are PFS Appropriate and Ready with private sector funders and other organizations interested in the PFS financing model.

HOW ResultsOHIO

WORKS FOR YOU

01



Solicit Private Sector Solutions

Interested parties respond to notice of application

02



Application

Applicant provides preliminary information

Applicant receives the application

Application is completed and submitted

03



Standardized Screening

Applicant undergoes ResultsOHIO screening

If project is deemed "Pay-For-Success Appropriate and Ready" a ResultsOHIO Feasibility Report is provided

04



Funding and Advocacy

Applicant seeks out government appropriation for results-based funding

05



Procurement

Once funding is obtained, project development moves forward. Process includes:

- Obtaining independent evaluator
- Obtaining service intermediary / provider (if needed)
- Acquiring private capital support

06



Negotiation and Finalization

Contract development

Financial structuring

Performance metrics setting

07



The ResultsOHIO team continues to monitor progress and works with the independent evaluator to determine if metrics are being achieved.

Project Launch

SOLICIT PRIVATE SECTOR IDEAS



- The Treasurer's office releases a Notice of Application for Evaluation to allow projects to be submitted and evaluated. Policymakers, including state agencies and local governments, can work with ResultsOHIO to initiate an application process.
- The Treasurer's office can release a notice on its own or work with state agencies or local governments to release a notice.
- This process provides a centralized location for stakeholders to apply and view PFS opportunities, while enabling the Treasurer's office to assist in shepherding and launching projects.

QUALITY PFS PROJECT PROPOSAL OVERVIEW

Characteristics of Quality PFS Projects

- Intervention must address a public sector challenge
- Strong evidence base or innovative intervention to address the problem
- Project Duration: 1.5 – 3 years; Total Project Cost: \$3-10 million
- **Government funding for reimbursement:**
 - **May come from local dollars, appropriated state funds, and/or federal grants**
- **Private funding for up-front project costs:**
 - **May come from: philanthropic entities, corporate foundations, and/or private investors**
- Clearly defined and quantifiable performance metrics/ measurable outcomes
- Historical data, with comparable data from another entity
- Stakeholder Support
- Economically attractive to public sector

STANDARDIZE SCREENING PROCESS

- Applicants provide preliminary information, ResultsOHIO then initiates application process
- Applications are submitted to ResultsOhio@tos.ohio.gov
- ResultsOHIO staff will assess the application using the streamlined, uniform review process
- Following scoring, projects are deemed as being:
 - **“PFS Appropriate and Ready”**
 - **“PFS Appropriate, but not ready”**
 - **“Not PFS Appropriate”** or
 - **“Ineligible”**
- Projects that are “PFS Appropriate and Ready” will receive ResultsOHIO Feasibility Report, which can be used to advocate for outcomes-based funding from either the General Assembly or the respective local government

ADVOCACY AND FUNDING

- **Applicant advocates for a government appropriation for results funding using the ResultsOHIO Feasibility Report**
- **Once applicant obtains government appropriation, private funding is still needed to pay the up-front costs of the project**
 - ResultsOHIO assists applicant in connections to private funders, if needed
- **After private and public funding is obtained:**
 - Government appropriation is transferred to a fund in the state Treasury
 - Private dollars are used to pay for the project up-front
 - Government funds are safely held in the ResultsOHIO fund and only disbursed to repay the private funder when predetermined performance metrics are achieved by the service provider and validated by the independent evaluator.

PROCUREMENT, CONTRACT NEGOTIATION, AND FINALIZATION

- Upon receipt of funding, ResultsOHIO will procure any other parties necessary to carry out the contract and begin negotiating the PFS contract, including performance metrics and payment structure.
- At minimum, ResultsOHIO will separately procure an independent evaluator, who will be responsible for independently verifying whether the performance metrics have been achieved.
- Once all parties are procured, performance metrics, evaluation plans, and funding mechanisms will be negotiated and finalized.

SUMMARY SLIDE

- **Foundations:**

- ResultsOHIO offers a streamlined and consistent process for facilitating Pay for Success projects in Ohio
- By participating in a Pay for Success project, you can invest in new and innovative projects that address the most pressing issues in your community

- **Service Providers:**

- ResultsOHIO offers a streamlined and consistent process for potential Pay for Success projects
- The ResultsOHIO Application for Evaluation acts as a starting point for projects seeking to deliver services through a PFS model
- ResultsOHIO will act as facilitator of PFS projects

QUESTIONS



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ResultsOhio@tos.ohio.gov

APPENDIX

HELPFUL LINKS AND RESOURCES

- **Utah High Quality Preschool Program PFS Project**
https://childcareta.acf.hhs.gov/sites/default/files/public/utah_profile.pdf
- **Oklahoma Women in Recovery PFS Project**
<https://www.fcsok.org/services/women-in-recovery/>
https://www.ok.gov/triton/modules/newsroom/newsroom_article.php?id=223&article_id=31079
- **Veterans CARE PFS Project**
https://www.boston.va.gov/services/Veterans_CARE_Project.asp
<https://ipsworks.org/index.php/study/veterans-care-project/>
- **U.S. Department of the Treasury – Social Impact Partnerships to Pay for Results Act (SIPPRa)**
<https://home.treasury.gov/services/social-impact-partnerships/sippra-pay-for-results>
- **Stanford Social Innovation Review**
https://ssir.org/articles/entry/when_does_pay_for_success_make_sense

PAY FOR SUCCESS OVERVIEW





Support From



"By using the power of market forces and the private sector, ResultsOHIO incentivizes smart spending on the challenges facing Ohio."



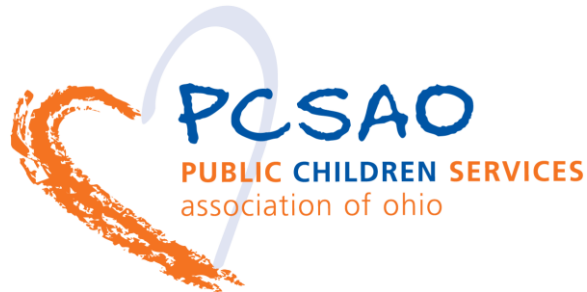
"By using the power of market forces and the private sector, ResultsOHIO incentivizes smart spending on the challenges facing Ohio."



Ohio Children's Hospital Association

Saving, protecting and enhancing children's lives

"With a focus on challenges such as child health, infant mortality, addiction, early childhood education preparedness and workforce training, we believe Treasurer Sprague's 'ResultsOHIO' will help to identify and amplify programs and partnerships that follow these same principles to promote best outcomes for Ohioans, including our state's children."



"The timing of ResultsOHIO could not be any better in the world of children services, as there is a new federal opportunity for states to develop evidence-based interventions with a fifty-fifty match that would prevent children from coming into foster care."



THE BUCKEYE INSTITUTE

"Too often situations emerge where an agency that has an incentive to spend money is able to tilt perception by controlling all of the data needed to determine programmatic efficacy. The Treasurer is looking to make that process better."



"Whether it's workforce development, the opioid epidemic, or the myriad of other challenges facing the Mahoning Valley, identifying and supporting successful public-private partnerships that address these policy issues is of great importance."



"Ohio small business owners certainly understand how important return on investment is. Ohio Treasurer Sprague's ResultsOHIO program places an emphasis on just that."

ResultsOHIO OVERVIEW



Mission Statement

The mission of ResultsOHIO is to address Ohio's most pressing public sector challenges through innovative private sector solutions – all at a value to our taxpayers. Through the ResultsOHIO model, state and local governments have a platform to do things differently and be on the cutting-edge of combatting the persistent issues that impact our communities.
