

Results OHIC



— Private sector solutions for public sector challenges —

results.ohio.gov

PAY FOR SUCCESS OVERVIEW

- Pay for Success (PFS) is an innovative project delivery mechanism that engages private sector expertise and capital to initiate projects that benefit 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 a framework to scale promising interventions and measure the impact of service delivery – ensuring taxpayer dollars are spent both efficiently and effectively. Government repayment is determined based on results.
- PFS projects have previously addressed education, public health, criminal justice, housing, workforce development, and natural resource management. However, any public policy challenge that has measurable performance metrics to demonstrate success may be a candidate for PFS.
- Quality PFS projects typically last 3-5 years, with performance metrics being measured periodically, have a total cost of \$3-10 million, have a strong evidence base and historical data, and have strong community support.

ROLES IN THE PFS MODEL

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
- Typically a university or a private entity

Government Payor

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.



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.

ROLE OF LOCAL GOVERNMENT IN PFS MODEL

- Local governments are the government payor, only paying for a project if pre-determined outcomes are achieved.
- A government payor under a traditional PFS model is also responsible for:
 - Identifying project partners, including service provider, service intermediary, and private capital
 - Procuring an independent evaluator
 - Setting performance metrics
 - Contract negotiation and structuring
 - Determining project costs
 - Setting aside funding for payment of a successful
 - Managing disbursement of public funds

ResultsOHIO OVERVIEW

- Utilizing ResultsOHIO relieves local governments from having to acquire PFS expertise and perform all the functions of a typical government payor.
- 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 program acts as a facilitator for new and innovative projects aimed at tackling some of the most complex challenges faced by Ohio's state and local governments.
- By using ResultsOHIO's streamlined and uniform process for assessment, prospective projects can get one step closer to taking root in Ohio.



THE RESULTSOHIO PROCESS

Streamlined and Consistent process

- The ResultsOHIO process offers a streamlined tool for local governments and private sector entities to enter into a PFS contract.
- Local governments can use the application process to help find the best service provider for a project.
- Private entities, including service providers, can showcase their project proposals through the application.

Administers Payment and Holds Funds

- The State Treasurer's office acts as a fiscal agent by holding local governments funds allocated for a PFS project in the state treasury.
- If performance metrics are achieved, as verified by the evaluator, the Treasurer's Office disburses the public dollars to the private funder.
- If project fails to meet performance metrics, the Treasurer's Office returns the public dollars to the local government and the private funder absorbs the cost of the project.

BENEFITS FOR YOU

Expertise for you and your community

- ResultsOHIO provides Pay for Success (PFS) expertise from the Ohio Treasurer's office, giving you the ability to launch a PFS project in your community without being solely responsible for all the steps required prior to project launch.
- Under ResultsOHIO, local governments are solely responsible for setting performance metrics and allocating funds that can be used to repay private investment upon successful achievement of performance metrics.

Technical Assistance for Project Development and Structuring

- ResultsOHIO's application process supports determining if project proposals are suitable for PFS and identifying project partners, including a service intermediary, service provider, and private funder.
- ResultsOHIO assists in making connections with organizations that have previously supported and/or may be interested in supporting future PFS projects.
- ResultsOHIO procures an evaluator who will independently track the performance metrics throughout the project to determine if government payback is required.
- ResultsOHIO helps negotiate and structure the PFS contract with all parties.

KEY TAKEAWAYS

- PFS offers policy makers an opportunity to invest in innovative ideas and projects in their community without risking taxpayer dollars.
- ResultsOHIO offers an approachable and efficient system for facilitating these projects and partnerships.
- PFS is a unique opportunity for local governments, non-profits, foundations, and other community partners to all work together to improve problem solving and demonstrate results.

- **Visit the Ohio Treasurer's website**
 - tos.ohio.gov/resultsohio/
- **Schedule a presentation**
 - In-depth discussion covering operations for ResultsOHIO and answering your questions
- **Questions?**
- **Thank you**

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