



COUNTY OF SAN DIEGO

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BOARD OF SUPERVISORS

CLERK OF THE BOARD
OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: March 17, 2015

TO: Board of Supervisors

SUBJECT: EVALUATING A PAY FOR SUCCESS MODEL TO SUPPORT SAFE COMMUNITIES AND HEALTHY FAMILIES (DISTRICTS: ALL)

Overview

The County of San Diego has a strong record of working with partners to provide innovative and efficient programs that improve the health, safety and wellbeing of our residents. The *Pay for Success* model is one approach that could advance this goal.

In the *Pay for Success* model, governments and service providers identify promising and innovative programs and enter into performance-based contracts. Private sector and philanthropic investors provide upfront financing for service providers to try these new approaches while government sets the standards of performance and outcomes desired. If the new program is successful in meeting the mutually desired results, government would reimburse the funders for their initial investment with a moderate return on that investment. The goal of this model is to fund creative approaches that result in positive outcomes for our community and youth, while minimizing the financial risk to taxpayers.

A number of cities, counties and states are now exploring *Pay for Success* financing to support programs that are working to reduce homelessness, lower rates of recidivism, expand access to early childhood education and address other social issues.

The White House Office of Social Innovation and Civic Participation and the Nonprofit Finance Fund will soon be announcing awards for technical assistance on developing the *Pay for Success* model for local governments. To be competitive for this award, we urge our colleagues to join us in directing the Chief Administrative Officer to identify the appropriate County staff to work immediately with community partners to assist with development and evaluation of the *Pay for Success* model, and explore other possible innovative contracting options to support safe communities and improve the lives of children and families.

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Recommendation(s)

SUPERVISOR GREG COX AND SUPERVISOR RON ROBERTS

Direct the Chief Administrative Officer to work with technical assistance entities and other stakeholders to develop and evaluate the *Pay for Success* model and to identify other possible contracting options as part of efforts to protect public safety and improve the lives of children and families.

Fiscal Impact

There is no fiscal impact associated with this action.

Business Impact Statement

N/A

Advisory Board Statement

N/A

Background

The White House Office of Social Innovation and Civic Participation and the Nonprofit Finance Fund will soon be announcing awards for technical assistance on developing the *Pay for Success* model for local governments. To be competitive for this award, we are urging our colleagues to join us in directing the Chief Administrative Officer to identify County staff to work immediately with community partners to assist with development and evaluation of the *Pay for Success* model and explore other possible innovative contracting options to support safe communities and improve the lives of children and families.

The County of San Diego has a strong record of working with stakeholders to provide innovative and efficient programs that improve the health, safety and wellbeing of residents. The *Pay for Success* model is one approach that could advance this goal.

Pay for Success creates performance-based contracts between the County and community providers to implement cost-effective services. The agreement leverages philanthropic and private investment dollars by providing up-front financing to service providers to attempt innovative approaches at addressing societal problems. Under *Pay for Success*, the government reimburses investors after pre-determined results are achieved and validated by an independent partner. Private investors (not taxpayers) bear the risk of nonperformance. If a project meets its outcome goals, investors may recover their capital with moderate interest or reinvest it back into the program.

Over the past several years, the *Pay for Success* model has gained momentum based on support from academic, philanthropic, investment and governmental entities nationwide. Multiple states already have a successful track record implementing this model, including two projects in the State and City of New York to reduce youth and adult criminal recidivism and a program in Salt Lake County, Utah to expand early education. Additionally, there is a project in Massachusetts to support workforce development and reduce criminal recidivism amongst young adults and a second project focused on addressing homelessness.

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In California, foundations and governmental entities are supporting feasibility studies and providing technical assistance to support counties in exploring *Pay for Success* models. As such, health agencies in Fresno County are participating in a two year pilot to reduce asthma related health care costs and Santa Clara County has recently released two requests for proposals using the *Pay for Success* model.

Recently, the California Legislature enacted Assembly Bill 1837, creating the Social Innovation Financing Program to be administered by the Board of State and Community Corrections. The California Social Innovation Financing program will support counties by awarding grants for entering into a *Pay for Success* model or into social innovation financing contracts.


In early 2015, opportunities for technical assistance support became available to coalitions of public, nonprofit and private foundation partners from the federal government. In the San Diego region, partnerships led by the San Diego Foundation and The Children's Initiative are seeking technical assistance to evaluate *Pay for Success* approaches to improve outcomes for youth in the criminal justice and child welfare systems.


With Board approval today, the County of San Diego would be in position to compete for federal technical assistance and explore this concept further to see how it can be used as an innovative tool to support safe communities and improve the lives of children and families.

Linkage to the County of San Diego Strategic Plan

Today's action supports the Healthy Families and Safe Communities initiatives of the County of San Diego's 2015-2020 Strategic Plan by supporting a commitment to exploring innovative, effective and cost-effective approaches to improve the lives of children and families and protect public safety.

Respectfully submitted,


GREG COX
Supervisor, First District


RON ROBERTS
Supervisor, Fourth District

ATTACHMENT(S)
N/A

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:
N/A

BOARD POLICIES APPLICABLE:
N/A

BOARD POLICY STATEMENTS:
N/A

MANDATORY COMPLIANCE:
N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):
N/A

ORIGINATING DEPARTMENT: Supervisor Greg Cox and Supervisor Ron Roberts

OTHER CONCURRENCES(S): N/A

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