OUTCOMES RATE CARD

a menu of outcomes
that government seeks
to achieve and the
prices they are willing
to pay for each
outcome achievement

Illustrative outcomes rate card:

| mastrative satestines rate earla. | | | | |
|---|--------------------------|--|--|--|
| Outcome Per at-risk youth ages 14-24 | Maximum Outcome Price | | | |
| Improved behavior at school | \$500 | | | |
| Completed Level 1 Certification | \$800 | | | |
| Completed Level 2 Certification | \$1,300 | | | |
| Entry into First Employment | \$2,000 | | | |
| Entry into First Employment (per high-risk of reoffending indv) | \$3,000 | | | |
| Employment Retention (12mos) | \$2,500 | | | |

Comparing Outcomes Focused Tools

| Outcomes Traditional Performance | | | |
|--|--|---------|----------------|
| ● Often ⊘ Sometimes ○ Rarely | | SIB/PFS | Based Contract |
| Outcomes Based Contracting | | | |
| Government Sets Outcomes & Prices Before Procurement | | | |
| Ability to Contract with Multiple Providers | | | |
| Financed by Outside Investor Capital | | | |
| Potential to Reach Population-Level Scale | | | |
| Outcomes Measured by Academic Evaluation | | | |

The Potential of Rate Cards

The outcomes rate card is an innovative tool to launch multi-provider outcomesfocused procurements. Because much of the development work is done upfront, the process is standardized, time between contract award and launch of services is significantly shortened, and a single rate card can drive multiple PFS projects.

Outcomes Rate Cards in U.S.

- Focus on evidence-based providers
- Differentiate pricing for the most vulnerable based on stratification of target population
- Emphasize strong data systems to support outcome validation & payment
- Potential to use in policy areas including: child welfare, opioid, substance use disorders, post secondary education & training, and chronic homelessness

The Rate Card Development Process Differs from Traditional PFS

To develop an outcomes rate card, government selects outcomes, identifies target population(s), sets prices, and selects an evaluation/measurement methodology as the basis for a PFS procurement for multiple service providers

RATE CARD Pay for Success **IDENTIFY PROBLEM SET OUTCOMES SET PRICES**

Government predetermines priority outcomes, prices, and measurement methodology

ISSUE RFP WITH RATE CARD

Government procures for outcomes by issuing RFP with rate card

RAISE CAPITAL COMMITMENT(S)

Service providers & investors partner to raise capital commitments and respond to RFP

SELECT SERVICE PROVIDER(S)

Government awards multiple contracts to service providers and services begin

Multiple PFS Projects

1998

Employment

Services

2005

TN Dept of

Peterborough

UK Innovation Fund (R:2)

Finance NYS

Chance Fund

CEO PFS

Children's

Services

2010

PFS

2012

2013

Social

2015

UK Fair

First UK

Example Outcomes Rate Card Projects

UK Innovation Fund

The First UK Rate Card Project: The Innovation Fund pilot initiative launched by the Department for Work & Pensions in 2011 aimed to support disadvantaged young people considered to be NEET (not in education, employment, or training).

From a single rate card, the Innovation Fund:

- Served up to 17,000 at risk youth ages 14-24
- Launched two separate rounds of open competition
- Deployed roughly £30 million of capital
- Prompted over 130 interested service applicants
- Finalized 10 contracts with 6 providers across the UK
- All 10 Innovation Fund pilots have been deemed successful by project partners

Youth Engagement Fund & Fair Chance Fund

Launched in 2014, the £16.5m Youth Engagement Fund (YEF) builds on the existing DWP Innovation Fund to pay for positive education and employment outcomes to support 8,000 disadvantaged individuals. 39 bids were submitted and 4 were selected for contracting.

Launched in 2015, the Fair Chance Fund (FCF) was designed to help 2,500 vulnerable young people by assisting them into housing, education, training or sustained employment. The £15m fund represents a joint effort by the Department of Communities and Local Government as well as the UK Cabinet Office. Over 150 organizations submitted bids and 7 were selected for contracting.

SOCIAL FINANCE

History of Outcomes Based Proiects

(select examples)

1997 • Wisconsin Works

1999 • NYC

Welfare to Work

2011

UK Innovation Fund (R:1)

2012 •

First US NYC Rikers PFS

2014 •

UK Youth Engagement Fund

2016 (NYC

Welfare to Work RFP

2016 Social

Finance SC NFP PFS

Outcomes Rate Card Traditional SIB/PFS Performance Based Contract