



A Year in Review

2023



A MESSAGE FROM OUR CEO



At Social Finance, we envision a world in which social and economic systems enable all people to thrive. For more than 12 years, we have built innovative cross-sector, cross-partisan partnerships to address some of society's most urgent problems. In all of our work, we use capital and data in innovative ways to achieve meaningful and measurable outcomes.

This year, we brought in new leadership to help scale our impact. In September, we welcomed Kirstin Hill as President and Chief Operating Officer. Kirstin, who most recently served as COO of Bank of America Merrill Lynch's wealth management business, is now overseeing our day-to-day operations and our Impact Investing and Impact Advisory business lines.

We also welcomed Karen Anderson as the inaugural Managing Director of the Social Finance Institute, a new platform designed to scale outcomes-based practices and solutions. The Institute will amplify the work of pioneers in the impact-first ecosystem, including Social Finance's own on-the-ground experience.

In this Year in Review, you'll see highlights from:

- Our talent finance work, which aims to advance economic mobility while addressing labor shortages in high-demand fields like health care, IT, and green jobs;
- The new Social Finance Impact First Fund, which aims to create an onramp to impact investing for individuals, family offices, and foundations;
- And our Public Sector Practice, which optimizes government spending across issue areas from health to housing to workforce.

We are grateful for your partnership and support.

A handwritten signature in black ink, appearing to read 'Tracy'.

Tracy Palandjian

CEO and Co-Founder



*President and Chief Operating
Officer Kirstin Hill with CEO and
Co-Founder Tracy Palandjian*

OUR WORK



IMPACT INVESTMENTS

Social Finance develops and manages innovative, impact-first investment products that aim to generate positive outcomes for people and communities. In 2023, we became a registered investment advisor (SF Advisors, LLC). We also worked with new cross-sector partners to deploy workforce investments that are preparing Americans for jobs in high-demand industries. And, we launched the [Social Finance Impact First Fund](#).



IMPACT ADVISORY & PUBLIC SECTOR SOLUTIONS

We deepened and broadened our relationships with public sector, philanthropic, and corporate partners (164 to be exact!). Together, we're working to build and strengthen effective, data-driven projects focused on lessening **homelessness**, improving **economic mobility**, and building better **early childhood** systems.



INTRODUCING THE SOCIAL FINANCE INSTITUTE

This year, we added a new lever for change: the Social Finance Institute, a platform for cross-sector collaborations that brings **market leaders, policymakers, and practitioners together** to share ideas and develop new approaches to outcomes-based practices and solutions.



OUR TEAM

We have 120 team members across five offices in Austin, Boston, New York, San Francisco, and Washington, D.C.

The Social Finance team brings experience from public policy, finance, law, nonprofit service delivery, and federal, state, and local government. Our core values of **people,**

performance, integrity, collaboration, and inclusion underpin everything that we do.

This year, we adopted new tools for incorporating diversity, equity, and inclusion principles into our field work, including **more deeply integrating community voice** and compensating participants for their time.

WHERE WE WORK

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Impact Investments



As a registered investment advisor, we design, launch, and manage impact-first investments—investments designed to generate positive outcomes for people and communities.

Since our founding in 2011, Social Finance has mobilized more than \$350 million in capital designed to improve lives through investments in workforce and economic mobility, health, and housing.

We partner with individuals, family offices, and foundations to amplify their impact by directing more capital toward positive social and environmental outcomes. We offer:

- **Asset Management**

We build unique products like the [Impact First Fund](#) (page 8), the investment program funded by the [Google Career Certificates Fund](#) (page 12), the [Dreamers Graduate Loan Program](#) (page 13), the [UP Fund](#) (page 13), and place-based [Pay It Forward Funds](#) (page 14).

- **Impact Investment Advisory Services**

We provide advice to investors on how to maximize the impact of their investment portfolios and how to build impact investing portfolios that better meet their impact objectives.

As a society, we face problems too large and complex to address with grant capital alone. Impact investments complement philanthropy and government spending to scale promising solutions for change.

Introducing the Social Finance Impact First Fund

The [Social Finance Impact First Fund](#) aims to make it easier and more cost-effective for individuals (including donor-advised fund account holders), family offices, and private foundations to access impact-first investments. Catalytic capital supports investments that are often too new, risky, or profit-constrained to attract commercial capital. While traditional investing seeks to compound returns, impact-first investing seeks to compound impact.

The Fund launched this year with an initial investment in the Blackstar Stability Distressed Debt Fund, a Black-owned and -led real estate investment fund that helps homeowners in low income communities who are targets of predatory or subprime lending practices to restructure these products so that they can build home equity and wealth.



"There's no product out there that allows someone who really isn't an expert in this area to invest in a diversified portfolio. The Social Finance team has put together an extraordinary array of opportunities into a fund. What an extraordinary—and long overdue—idea."

Laura Lauder, Social Finance Board Member



Impact Investment Advisory Services

The Boston Foundation

Social Finance partnered with the Boston Foundation to curate impact-first investment portfolios, which enabled its donor-advised fund holders to support organizations that are advancing equity in Greater Boston via recoverable grants. Recoverable grants are impact-first investments made to mission-driven organizations with revenue-generating programs. They are similar to loans but more flexible and borrower-friendly.

700+
Boston Foundation donors
have access to recoverable
grant portfolios



"Recoverable grants allowed our donors to support the impact areas they care about most with the potential to recover those charitable dollars in the future and reuse them. It's a game-changer."

Kate Guedj, Senior Vice President and Chief Philanthropy Officer,
The Boston Foundation



Workforce and Economic Mobility

MEETING DEMAND

Even as the economy fluctuates, the U.S. is expected to experience sustained labor shortages across industries, while the demand for skilled workers continues to grow. In particular, an estimated 30 million new workers will be needed over the next decade, driven by the federal government's recent manufacturing and clean energy investments. We work with governments, employers, and philanthropic partners to develop and grow data-driven workforce development investment programs that meet industry demand in growing fields like IT, climate infrastructure, and health care.

CREATING OPPORTUNITY

For many people, there are limited pathways to gain the skills required to land jobs with upward mobility potential. In the outcomes-based programs we finance, individuals enroll with a high-quality training provider, learn new skills, and **only repay their training costs if they land a job above a certain salary**. We also ground our programs in a Student Bill of Rights and provide critical supportive services.

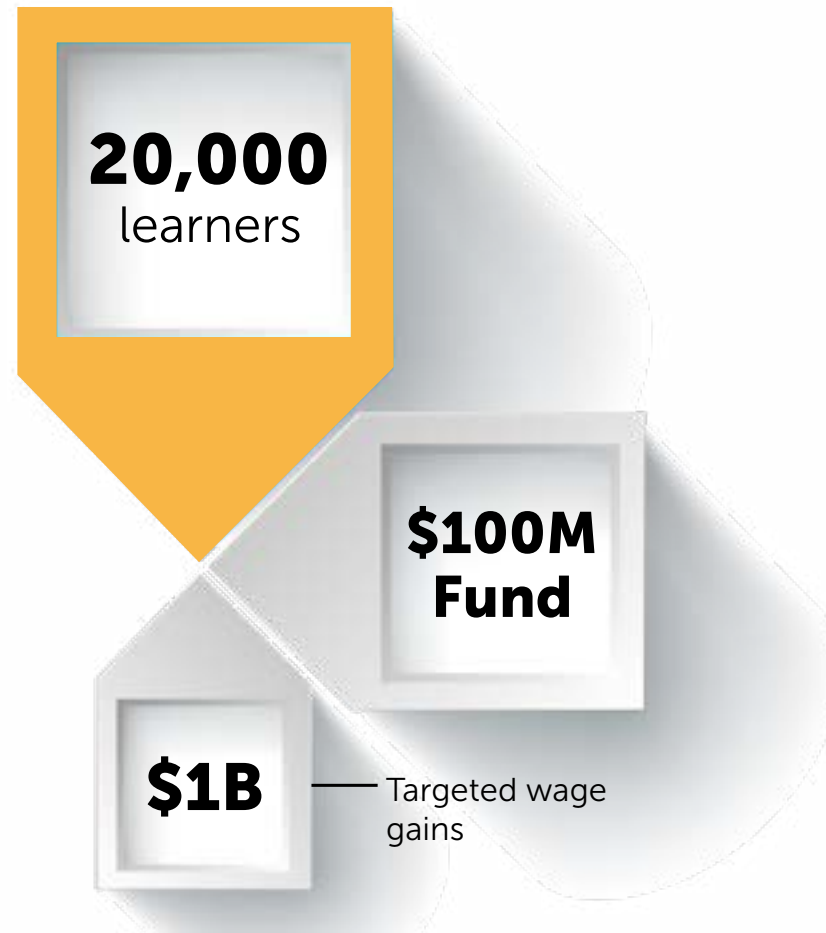
Our current workforce portfolio aims to help more than **30,000 people** finance training and land good jobs over the next **5 years**

85%
of participants do not have a college degree

The **majority** of participants identify as **people of color**

Google Career Certificates Fund

Launched in 2022, the Google Career Certificates Fund is a \$100 million investment program that aims to empower more than 20,000 learners to realize over \$1 billion in aggregate wage gains. Through the Fund, Social Finance is deploying capital from Google and Google.org to support learners from underserved communities as they develop the skills to enter in-demand fields such as data analytics, IT support, project management, and user experience design. To date, we have launched services with training providers Merit America and Year Up.



Dreamers Graduate Loan Program

Social Finance is managing a graduate school loan program for Deferred Action for Childhood Arrivals (DACA) and Temporary Protected Status (TPS) students who want to pursue professional degrees in fields such as business, education, medicine, and law, but can't access public loan programs due to their immigration statuses. This impact investment fund, which started as a pilot with TheDream.US in 2021, aims to provide more than 1,500 loans to Dreamers to help them achieve economic and social mobility. In 2023, the program expanded its eligibility to include all DACA and TPS students.

UP Fund

Since 2019, Social Finance's UP Fund, a \$50 million impact investment fund, has provided financing for high-quality job training.

- 2,100+ learners enrolled
- 94% graduation rate
- \$20,000 median annual wage gains from successful learners
- \$24.1 million disbursed
- Successful learners expected to achieve \$27.8 million in annual wage gains



"The course I took through Merit America was exactly what I needed to build on my existing skills and break through to a new career."

Laura, Merit America alum



Ji Wan, a DACA-eligible student, received a scholarship from Equal Chance for Education to attend the University of Memphis. He is now pursuing a master's degree in psychology and plans to become a psychologist.

Pay It Forward Funds

Pay It Forward Funds are place-based workforce funds supported by public dollars and philanthropy that sustainably invest in worker upskilling. Through these funds, learners receive supportive services and the skills-based training necessary to find jobs with upward mobility potential. This model helps make better use of taxpayer dollars while supporting the local economic development agenda.

In 2023, we launched a new fund in Colorado, and we're working with cross-sector partners to develop similar initiatives in several states across the country. Meanwhile, our inaugural Pay It Forward Program in New Jersey celebrated its first graduates.



New Jersey Pay It Forward Program

Last year, Governor Phil Murphy, the State of New Jersey, and the New Jersey CEO Council launched the first-of-its-kind New Jersey Pay It Forward Program to prepare residents for in-demand jobs in health care, IT, and clean energy. This year, the first cohort celebrated its graduation from the nursing program at Hudson County Community College. The \$14.8 million fund includes \$2.5 million allocations from the State of New Jersey in each of the 2023 and 2024 budgets.



"The New Jersey Pay It Forward stipend and emergency funds helped me focus on my classes and worry less. The no-interest loan helps me stay in the here and now, instead of worrying too much about compounding interest that I would have to pay in the future."

Eunice, New Jersey Pay It Forward Program graduate



"Pay It Forward, developed in collaboration with Social Finance, will make New Jersey stronger and fairer by providing access to job training for residents who need it most. Creating equitable opportunities is what we stand for."

Governor Phil Murphy, State of New Jersey

Colorado Pay It Forward Fund

We're partnering with several leading Colorado philanthropies and training providers on a statewide Pay It Forward Fund to prepare Colorado residents for in-demand jobs in high-growth industries, including IT, cybersecurity, business development, skilled trades, health care, and more. The Colorado Pay It Forward Fund offers tuition and living expense loans for learners and working capital loans for training providers and employers.



Impact Advisory & Public Sector Solutions

Federal, state, and local governments manage substantial funding and policy levers to address the most critical issues in our country.

At Social Finance, we are committed to helping governments maximize the impact of taxpayer dollars to deliver better outcomes and deploy resources where they're most needed. Since our founding, we have worked with state, county, and city governments in 25 states to generate measurable, data-driven impact.

Since 2014, we've worked with state, county, and city governments in **25 states.**



"Social Finance has been a critical partner in our Department's efforts to move forward policies that benefit Californians in need. The team brings expertise on creating programs that are person-centered, accessible, and streamlined."

Jennifer Troia, Chief Deputy Director,
California Department of Social Services

Going Statewide to Improve Home Visiting Services in Missouri

Since 2020, Social Finance has collaborated with the Children's Trust Fund of Missouri (CTF), a quasi-governmental agency devoted to preventing child abuse, to integrate an outcomes-based funding approach into its statewide home visiting programs. This work began with an outcomes rate card pilot focused on Kansas City-area home visiting providers, who were given the opportunity to earn bonus payments based on their performance against a series of maternal and child health outcomes metrics. Based on strong positive responses from providers, CTF allocated American Rescue Plan Act funds to expand the outcomes rate card statewide in July 2023.



"Social Finance has helped the Children's Trust Fund of Missouri to grow and do things as a funder that we never could have done without them. It is so fulfilling to be innovative and know that families are being served more effectively because of our work."

Emily Van Schenkhof, Executive Director, Children's Trust Fund of Missouri

\$4M

in bonus payments toward improving health outcomes for mothers and children



Building a Funding Model to Grow the Talent Pipeline in San Antonio

We are working with the San Antonio Workforce Development Office to design, launch, and manage an innovative partnership with local employers looking to fill priority roles across industries. This internship program builds on the city's \$180 million Ready to Work initiative, which funds worker training and wraparound supports. The program places Ready to Work graduates with employers and subsidizes their wages during a six-week internship. If employers decide to hire interns for full-time roles, they reimburse the city for those internship wages. Those funds are then recycled to extend the program to more participants.

Achieving Housing Stability in Anchorage

Home For Good is a \$12.75 million Pay For Success program designed to help 150 residents of Anchorage, Alaska, who are experiencing persistent homelessness access permanent housing and supportive services. Social Finance worked with the Municipality of Anchorage, United Way of Anchorage, and more than 20 other organizations to launch the five-year program in October 2020.

\$12.75M in outcomes-based funding for permanent housing to address homelessness in Anchorage

89% of the most recent program cohort achieved housing stability during their first six months in housing

Expanding Economic Opportunity in Los Angeles

In partnership with the Los Angeles County Department of Economic Opportunity (DEO), Social Finance is leading two projects to strengthen LA's workforce system and boost economic mobility for Angelenos facing barriers to work. First, we are assessing program design and making recommendations for two workforce programs funded through the American Rescue Plan Act. Second, we are exploring how DEO can partner more closely with the county Department of Public Social Services (DPSS) to strengthen three DPSS workforce programs that offer support for people who face significant challenges to finding and maintaining employment.



Maximizing the Impact of Wisconsin's TANF Program

Social Finance worked with the Wisconsin Department of Children and Families (DCF) to assess Wisconsin Works, the state's Temporary Assistance for Needy Families (TANF) program, with the goal of better orienting the program around participant families and mitigating the barriers they face in building careers. Our team helped establish the blueprint for a state TANF system focused on helping Wisconsin's most vulnerable families climb the economic ladder—representing the biggest changes to the program in over a decade. We will now support DCF through the selection of providers to realize this "whole-family" vision for the program.



LOOKING FORWARD:

Social Finance Institute



"For over a decade, we have been partnering with changemakers on-the-ground to design and implement cross-sector partnerships focused on results. We are excited to amplify outcomes-based and impact-first models from across the field to create impact at a far greater scale."

Tracy Palandjian, CEO & Co-Founder



The Social Finance Institute will be a first-of-its-kind platform designed to bridge theory and practice for market leaders, policymakers, and practitioners looking to implement and scale outcomes-based solutions.

The Institute will produce applied research and publications, drawing on Social Finance's 12 years of on-the-ground experience and the work of other experts in the field. Through convenings and cohort-based communities of practice, the Institute will also create unique opportunities for information-sharing and networking among practitioners and thought leaders around the country.



Applied Research and Publications

To broaden the base of evidence available to stakeholders, the Institute will develop accessible and applied research, case studies, and toolkits drawing on Social Finance's experience while also providing a platform for research and insights from other experts in the field.



Cohort-Based Communities of Practice

By developing cohort and training modules that bring together changemakers from across sectors, the Institute will facilitate networking and information-sharing, creating opportunities to learn from experts and peers about new approaches to applying outcomes-based approaches and generating tangible action plans.



Educational Outreach and Convenings

Through convenings with key partners around the country—and through strategic engagement with thought leaders, media, and policymakers—the Institute will expand the ecosystem of knowledge and influence thinking around outcomes-based practices that maximize impact and resonate across the political spectrum.

The Institute will be guided by an Advisory Council of practitioners, business leaders, and policy experts who will bring diverse perspectives to discussions.



What Our Leadership Is Most Looking Forward to in 2024



"Building the Social Finance Institute to advance new thinking around the power of outcomes-based practices and solutions to deliver measurable impact for people and communities around the country."

Karen Anderson, Managing Director, Social Finance Institute



"Helping to sustainably scale the work Social Finance is doing, across our Impact Investing and Impact Advisory work, and the Social Finance Institute. If we can do that, it means we can do more good for more people."

Kirstin Hill, President & Chief Operating Officer

"Working in the trenches with partners do the hard, important things—to think bigger, think differently, and execute with excellence."

Jake Segal, Managing Director, Impact Advisory & Public Sector Practice



We look forward to partnering with you in the year ahead as we work to build a world where economic and social systems enable all people to thrive.

To learn more, please reach out to partnerships@socialfinance.org.

Thank you to our partners for sharing photos. The cover photo (top) and photo on page 15 (bottom) were provided by CrossPurpose. Photos on the front cover (bottom), page 16, and the back cover (top) were provided by the Missouri Children's Trust Fund. The photo on page 8 was provided by Blackstar. The photo on page 19 was provided by Providence Alaska. Page 14: photo credit Jersey Pictures. Page 15 (top): photo credit Charles Sykes courtesy of Johnson & Johnson.



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