

Fact Sheet

Oklahoma Pay for Success: Family and Children's Services – Women in Recovery

Challenge

Oklahoma has the nation's highest female incarceration rate at 151 per 100,000.¹ Oklahoma's female drug arrest rate is much higher than the U.S. rate and its cost to incarcerate women is 31 percent higher than for men.² The average cost of female incarceration per prison term in Oklahoma is \$30,133, which does not include indirect long-term social costs such as child placement in foster care and increased reliance on social benefit programs.

Project History

In 2008, the George Kaiser Family Foundation (GKFF) in Tulsa commissioned a community assessment that identified female incarceration in Oklahoma as a significant community issue. A significant driver of the challenge was that many women were ineligible for drug court or other alternative diversion programs due to their charge or criminal history.

Family & Children's Services (F&CS) and GKFF reviewed relevant literature and visited model programs in other communities with a goal of incorporating evidence-based, best-practice principles into an innovative program to address Tulsa County's high female incarceration rate. F&CS launched **Women in Recovery** (WIR) in 2009, and it has since served over 570 women and impacted the lives of over 1,200 children, maintaining a three-year recidivism rate between three and four percent.

In 2014, Gov. Mary Fallin signed legislation allowing for Pay for Success (PFS) contracting for programs designed to achieve improved criminal justice outcomes. The state subsequently issued a public request for proposals, received a proposal from F&CS, and entered into negotiations with F&CS on a PFS contract for the WIR program. GKFF engaged Social Finance, Inc. as an advisor to explore the potential of Pay for Success (PFS) to address this challenge.

Project Goal

The State of Oklahoma seeks proven programs to reduce the number of women sent to prison and the resulting impact incarceration has on their children. Oklahoma is using PFS contracting to improve criminal justice outcomes for women, reduce incarceration, and, consequently, lower overall public sector costs. The PFS contract between the Office of Management and Enterprise Services (OMES) and F&CS is the 17th PFS contract in the U.S. and the first-ever PFS contract focused on female incarceration.

Scope

This project will enable WIR to expand its services, admitting up to 125 women into the program annually for up to five years (or up to 625 new admissions total). Through the contract, F&CS will also serve an additional 75 justice-involved women annually through its other criminal justice programs. The contract will begin on April 10 for one year with an option to renew for four additional one-year periods.

Why Pay for Success?

PFS shifts the focus from outputs (e.g. number of women served) to outcomes (e.g. reduced incarceration), directing taxpayer dollars to programs that show measurable impact so that state funds are spent effectively and efficiently.

¹ <https://www.bjs.gov/content/pub/pdf/p15.pdf>

² <http://digitalprairie.ok.gov/cdm/ref/collection/stgovpub/id/24545>

PFS is an innovative funding model that combines nonprofit expertise, private funding, and independent evaluation to transform how government leaders respond to chronic social issues. Funders provide the upfront capital to enable effective service providers to expand their services, and government agrees to repay if and when the project achieves its desired impact. The first Pay for Success project launched in Peterborough, U.K. in 2010 aimed at reducing prisoner recidivism. Today there are more than 70 projects in 18 countries, with 17 projects here in the U.S. The model has attracted strong bipartisan support due to its focus on evidence-based policy-making and the achievement of outcomes.

Payments for Success

Oklahoma pays F&CS only if success is achieved. Success is defined as a WIR program participant not being incarcerated in DOC.

Payments are made at four contractually-required milestones. The total potential payment amount received by F&CS for each successful outcome is considerably less than the total average cost of incarceration for a woman at a DOC facility over the average length of stay (\$30,133). Other savings that the state avoids for each successful participant include known long-term savings resulting from improved education, employment, health, and children's life outcomes and reduced reliance on social benefit programs.

Success payments of \$5,646 are paid at each of the following milestones:

- Upon successful graduation from the program
- 24 months after the program start date
- 36 months after the program start date
- 54 months after the program start date

If a participant returns to DOC custody during the contract period, no future payments are made for that individual.

The adoption of the Pay for Success model transfers risk from the state to the private sector in pursuit of preventive programs that hold promise for long-term cost savings and social benefits. In Oklahoma, the use of philanthropic funding from GKFF allows for payments from the state to be re-invested directly back into a successful program as outcomes are achieved.

Frequently Asked Questions

1. How is a WIR participant's eligibility determined?

Participants may be referred to the program from different sources, including judges, district attorneys, public and private defense lawyers, family members and the women themselves. Eligibility for the program requires that the participant be a woman with felony charges issued in Tulsa County. Participants must be 18 years old or older with substance use disorders, prison-bound and ineligible for other Tulsa County diversion programs.

2. How is success measured?

Success is measured by a WIR participant not being sentenced to DOC custody. Payments to F&CS shall occur only for participant success in reaching the identified payment milestones without being sentenced to DOC custody. However, F&CS will be required to provide the state with regular updates on

overall program success, including the number of individuals entering the program and the number graduating.

3. Is this program operating in Tulsa County only?

Yes. However, the state seeks to replicate program successes in other areas and to enter into similar contracts elsewhere.

4. What impact will the passage of State Question 780 have on the program?

The passage of State Question 780 and the resulting reclassification of certain property offenses and simple drug possession as misdemeanors is not expected to significantly reduce admissions into WIR. However, if the impact is that fewer women are eligible for WIR, then a smaller number of program graduates would mean fewer payments by the state to F&CS.

5. How will the state oversee the program?

The state will designate a contract monitor who will receive all contractually-required performance measure reports provided by F&CS. In addition, F&CS must: Maintain all current certifications and provide the state with access to all documentation relevant to the operation of the program, the treatment of the participants, and the fulfillment of the terms of the contract. F&CS must cooperate with any audit performed by the state or a third party authorized by the state.

6. Is the State just taking over funding for a privately-funded program?

No. F&CS and its partners, like GKFF, will be required to maintain annual funding at a level at least as great as when the program started. F&CS's annual funding commitment may be applied to either the WIR program or programming for additional at-risk women in Tulsa County.

7. How does this project leverage private funding?

As a result of the PFS contract, state funds will be reimbursing F&CS for a portion of the cost of each successful WIR participant at the designated milestones. However, as a requirement of the contract, the state requires that GKFF or private philanthropy continue to maintain its annual funding at a constant level. Additionally, the contract requires F&CS to secure at least \$2 million to support program operations.

Project Partners

State of Oklahoma Office of Management and Enterprise Services (OMES)

OMES provides financial, property, purchasing, human resources and information technology services to all state agencies, and assists the Governor's Office on budgetary policy matters.

Family & Children's Services, Inc (F&CS)

F&CS is a nonprofit organization that has been providing a range of behavioral healthcare services to individuals, families and children in Tulsa for over 90 years.

Women in Recovery (WIR)

WIR is an intensive outpatient alternative to incarceration for eligible women facing long-term prison sentences for nonviolent, primarily drug-related offenses. WIR equips women with the skills they need

to become productive members of society. The program works closely with the criminal justice system and multiple community partners.

George Kaiser Family Foundation (GKFF)

George Kaiser Family Foundation (GKFF) is a charitable organization dedicated to providing equal opportunity for young children in our community through investments in early childhood education, community health, social services and civic enhancement. Based in Tulsa, Oklahoma, GKFF works primarily on initiatives developed in collaboration with Tulsa-based direct service organizations.

Social Finance

Social Finance is a 501 (c) (3) nonprofit organization dedicated to mobilizing capital to drive social progress. As a Pay for Success intermediary, Social Finance helps drive government performance to achieve greater impact and builds the field through research and advocacy. Social Finance's sister organization Social Finance UK pioneered the first Social Impact Bond in the world in 2010.