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Fifth District

August 20, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

RESPONSE TO NOVEMBER 27, 2012 BOARD MOTION – EXPANDING THE JUST IN REACH PROGRAM THROUGH PAY-FOR-SUCCESS

On November 27, 2012, by motion of Supervisor Mark Ridley-Thomas and Supervisor Don Knabe, with amendments by Supervisor Zev Yaroslavsky, your Board directed the Chief Executive Officer (CEO) and County Counsel, in conjunction with the Sheriff and the Directors of the Departments of Probation, Mental Health, and Public Health, in consultation with Third Sector Capital Partners, to examine the feasibility of implementing a Pay-for-Success contract which would leverage philanthropic funding to expand the Just In Reach program to serve 250 additional persons a year and report back to the Board within 60 days. The report should identify changes to County fiscal, contract, and other policies and procedures that would be required for implementation. The report should reflect the leveraging of philanthropic funds for the initial financing of the expansion; include a budget and delineate all financial requirements, including any initial and ongoing County investments; identify outcomes and metrics to be tracked and evaluated and specify the evaluation mechanism; and include a clear scope of work which identifies the program beneficiaries, lead agencies, mutual responsibilities, and the housing and services delivery and outreach strategies to be used.

"To Enrich Lives Through Effective And Caring Service"

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Each Supervisor
August 20, 2013
Page 2

The full response to this motion is included in the attached report and includes recommendations and next steps.

If you have any questions, please contact Antonia Jiménez at ajimenez@ceo.lacounty.gov, or at (213) 974-7365.

WTF:BC:AJ
SMF:ljp

Attachment

c: County Counsel
Mental Health
Probation
Public Health
Sheriff

Pay For Success Motion Response.bm

Expanding Just In Reach Through Pay-for-Success

Board Motion

On November 27, 2012, by motion of Supervisors Mark Ridley-Thomas and Don Knabe, with amendments by Supervisor Zev Yaroslavsky, the Board of Supervisors directed the Chief Executive Officer (CEO) and County Counsel, in conjunction with the Sheriff and the Directors of the Departments of Probation, Mental Health, and Public Health, in consultation with Third Sector Capital Partners, to examine the feasibility of implementing a Pay-for-Success initiative which would leverage philanthropic funding to expand the Just In Reach (JIR) program to serve 250 additional persons a year and report back to the Board within 60 days. The report should identify changes to County fiscal, contract, and other policies and procedures that would be required for implementation. The report should:

- A. Reflect the leveraging of philanthropic funds for the initial financing of the expansion;
- B. Include a budget and delineate all financial requirements, including any initial and ongoing County investments;
- C. Identify outcomes and metrics to be tracked and evaluated and specify the evaluation mechanism; and
- D. Include a clear scope of work which identifies the program beneficiaries, lead agencies, mutual responsibilities, and the housing and services delivery and outreach strategies to be used.

Work Group

A work group consisting of members from the following entities was convened in order to conduct an assessment of the Just In Reach (JIR) program to determine which components align with the Pay-for-Success requirements and which areas may require further enhancements:

- CEO
- Sheriff
- Corporation for Supportive Housing (CSH)
- Volunteers of America (VOA)
- Amity Foundation

Pay-for-Success

Pay-for-Success is an innovative approach that was spearheaded in the United Kingdom and is now being piloted in multiple jurisdictions across the United States. A Pay-for-Success initiative leverages philanthropic and private investor capital for the provision of preventative services that measurably improves the lives of an at-risk population. If successful, the intervention will also lead to quantifiable cost savings for the government agency overseeing the initiative through a reduction in future utilization of costly public services. If pre-determined outcomes are achieved and cost savings are realized, then the government agency pays back the philanthropic and private investors with a possible return on their investment. However if outcomes are not achieved during the specified timeframe, then the investors run the risk of not being paid. This creative approach to providing preventative services to a vulnerable population utilizes private sector innovation to improve social outcomes for at-risk individuals, while ensuring accountability and saving public dollars.

Expanding Just In Reach Through Pay-for-Success

The work group utilized the Readiness Assessment in Figure 1 as a guide to conducting their assessment of the JIR program. The assessment includes intervention features, evidence-based factors, and financial benefits as areas to evaluate in determining a program’s readiness for Pay-for-Success.

Figure I: Pay-for-Success Readiness Assessment

	Assessment Area	Assessment Question
Intervention Features	Focus on Prevention	Does the intervention focus on preventing a negative social outcome rather than remediating it?
	Meaningful Constituent Population	Does the intervention address the needs of a meaningfully sized population?
	Scalable	Has the intervention been codified and demonstrated to be replicable?
Evidence-Based	Measurable Benefits	Has the nature and extent of the impact been clearly measured? Does it deliver quantifiable benefit?
	Long Track Record	Does the intervention have a long track record of results (e.g. 5-10 years of implementation and positive outcomes?)
	Rigorous Evaluation	Has the intervention been rigorously evaluated? Has there been a comparison versus a counterfactual?
	Significant Magnitude of Effect?	Has the intervention delivered a significant level of impact, in the context of the intervention?
Financial Benefits	Presence of Successful Providers	Are there adequate service providers with experience delivering the intervention? Is there evidence that these providers have delivered the intervention successfully?
	Cost Benefit Analysis	Has a cost/benefit analysis on the intervention been conducted?
	Reasonable Time Frame Benefits	Will a PFS scaling this intervention be able to cover costs and generate a sufficient level of taxpayer benefits and a return to investors in a reasonable timeframe?

Source: Nonprofit Finance Fund, www.payforsuccess.org

Based on these assessment areas, the work group conducted their evaluation of the JIR program that covered the following:

1. **Recidivism Outcomes** – Determine whether the JIR program leads to a reduction of recidivism rates in the population served;
2. **Program Design and Business Process** – Assess program to determine which components are ready and which areas may need some enhancements to launch a for Pay-for-Success Initiative; and
3. **Data Tracking** – Develop recommendations for strengthening the data tracking process in preparation for tracking overall performance outcomes.

The report concludes with the work group’s recommendations for next steps.

Expanding Just In Reach Through Pay-for-Success

Just In Reach

The Just In Reach (JIR) program serves inmates with at least three episodes of homelessness within the past five years and three incarcerations within the past three years who will not have a permanent residence once released from jail. These individuals are at high risk of becoming homeless once released and recidivating back into the public safety system. High rates of recidivism are associated with significant costs to the County that may be avoided through the provision of preventative services that assist in helping these individuals become self-sufficient.

Through the JIR program, the Sheriff's Community Transition Unit (CTU) identifies and refers inmates to community providers who provide case management services during participants' incarceration and up to one year following their release from jail. Once released, participants are provided services including drug and alcohol treatment, mental health services, employment assistance, education, mentoring, family reunification, and placement into short-term and permanent housing. The primary goals of the program are to:

- 1) Place participants into permanent housing sustained by the participants' own income, and
- 2) Reduce recidivism back into the public safety system.

The program began as a pilot project that spanned two years from July 1, 2008 to June 30, 2010 and served approximately 309 participants annually. The program received additional funding from Supervisor Mark Ridley-Thomas' office, the Hilton Foundation, and the Robert Wood Johnson Foundation beginning June 1, 2011 and currently serves approximately 455 participants annually.

The JIR program is based on an innovative model that seeks to engage participants while they are still incarcerated so that participants may develop a relationship with the community providers and begin to receive services before their release. The model also includes a coordinated release through the Sheriff's CTU whereby the participant is immediately transported by the community provider to their short-term housing placement and supportive services are begun in preparation for permanent housing placement. This approach has been found to increase participants chances of securing permanent housing and reducing their chances of recidivating back into the public safety system. A high-level business process flow is included in Attachment I.

In order to validate that participation in the JIR program leads to reduced rates of recidivism, the work group conducted an analysis on the program's recidivism outcomes.

Just In Reach Recidivism Outcomes

A successful Pay-for-Success initiative prevents a negative social outcome that is significant and quantifiable. Prevention of this negative social outcome should be tied to significant cost savings based on reduced utilization of public services. Existing cost studies have shown that high rates of recidivism are tied to significant costs to the County in a multitude of areas. Not only do high rates of recidivism lead to direct costs to the Sheriff and Probation Departments, they are also associated with higher utilization of costly health, mental health, and public health services – especially emergency services. Though the rates of recidivism for the general inmate population have been

Expanding Just In Reach Through Pay-for-Success

found to be extraordinarily high, it is believed that these rates increase further when looking at a high-needs population such as the one served by the JIR program. If the JIR program can significantly reduce the recidivism rates of this high-needs population, then it is presumable that significant levels of cost savings can be achieved by the County, making the program a strong candidate for a Pay-for-Success initiative.

In order to determine the recidivism outcomes of the JIR program, the work group conducted an analysis of inmates who received JIR services in recent years. In addition, the work group conducted an analysis on recidivism rates of the general inmate population in order to provide a baseline measure against which to compare. The two comparison groups are as follows:

- **JIR:** Includes 455 inmates who were enrolled in the JIR program from June 2011 to May 2012.
- **General Inmate Population:** Includes 100 inmates randomly selected from the general inmate population that were released between June 2009 to May 2011.

In order to accurately compare the recidivism rates of the JIR inmates with the general inmate population, the work group developed a methodology that was uniformly applied to both groups to provide a true comparison. The Sheriff's Department pulled recidivism data from the Consolidated Criminal History Reporting System (CCHRS) database for one year following each inmate's release (excluding parole violations). The work group found that multiple definitions of recidivism exist depending on the entity applying the definition and the purpose of the recidivism analysis. Generally, recidivism can be defined as either an inmate being re-arrested or an inmate being re-convicted. For the purposes of this analysis, we looked at both re-arrest and re-conviction data to determine recidivism rates:

- **Re-arrested:** An inmate was re-arrested, but may or may not have been convicted of the crime(s) they were arrested for. Parole violations are excluded.
- **Re-convicted:** An inmate was re-arrested AND they have been determined to be guilty of the crime(s) they were arrested for.

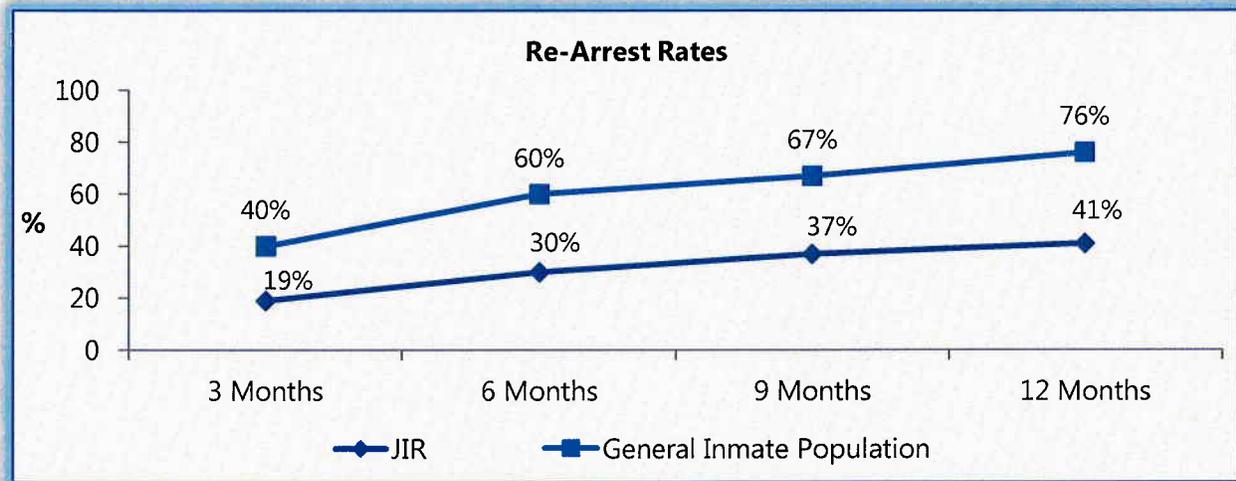
Figures 1 and 2 below compare the recidivism rates of JIR participants and the general inmate population's for both re-arrests and re-convictions. Rates are provided up to one year post-release.

The data demonstrates the following:

- 76% of inmates from the general inmate population were re-arrested within one year of their release, compared to only 41% of the JIR participants.
- 65% of inmates from the general inmate population were re-convicted within one year of their release, whereas only 24% of the JIR participants experienced a re-conviction within one year of being released.

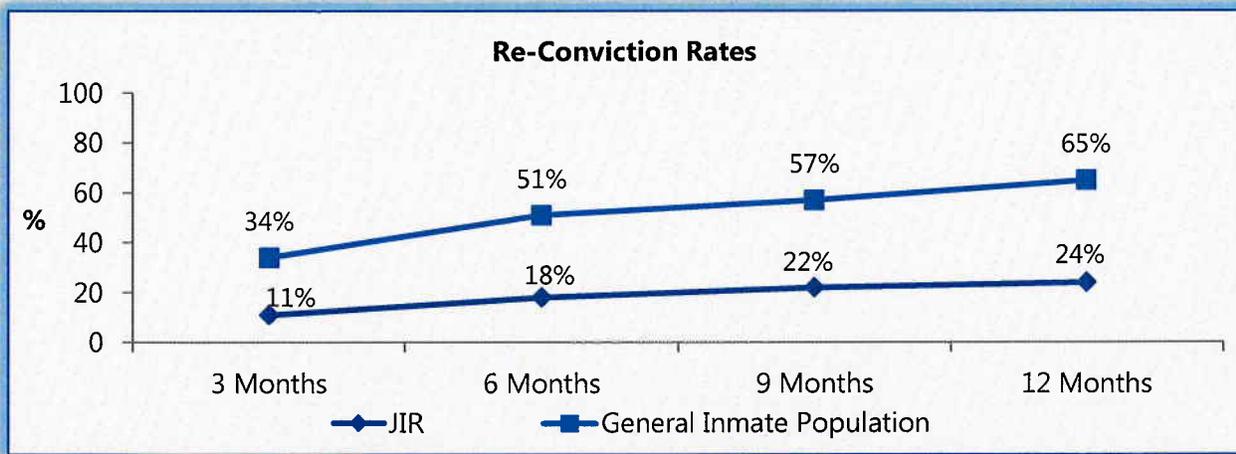
Expanding Just In Reach Through Pay-for-Success

Figure 1: Re-Arrest Rates



	0-3 Months		0-6 Months		0-9 Months		0-12 Months		TOTAL
	#	%	#	%	#	%	#	%	#
General Inmate Pop.	40	40	60	60	67	67	76	76	100
Just In Reach	87	19	137	30	168	37	191	41	455

Figure 2: Re-Conviction Rates



	0-3 Months		0-6 Months		0-9 Months		0-12 Months		TOTAL
	#	%	#	%	#	%	#	%	#
General Inmate Pop.	34	34	51	51	57	57	65	65	100
Just In Reach	49	11	83	18	100	22	111	24	455

Expanding Just In Reach Through Pay-for-Success

Given the high-risk nature of this population, the JIR recidivism outcomes are a strong indication that the program is successful in providing preventative services that positively impact participants' chances of recidivating back into the system. As such the work group has determined that the JIR program is a strong candidate for a Pay-for-Success initiative as it demonstrates the prevention of a negative social outcome that is tied to significant public service utilization.

Preparing Just In Reach for Pay-for-Success

Given the results of the recidivism analysis and the potential for large-scale savings to the County, the work group has determined that the JIR program demonstrates **strong potential to succeed as a Pay-for-Success initiative**. Therefore the work group has focused its efforts on enhancing the JIR program design and operational infrastructure in preparation for a Pay-for-Success initiative, including:

- I. Enhancing the JIR program design and business process, and
- II. Strengthening the data tracking process.

Program Design and Business Process

The work group is in the process of developing a JIR model with enhanced services and a streamlined business process in order to prepare for Pay-for-Success. The work group is considering the following components in developing the enhanced JIR model:

- Determine whether existing data systems can be used to identify potential clients and to target the highest-need individuals;
- Enhance the services provided to inmates pre-release to include employment services, benefit application services, and mentoring;
- Enhance the housing transition services from short-term housing to permanent housing.

In developing the future state JIR program design and business process, the work group will also delineate clear roles and responsibilities for all parties involved.

Data Tracking

A Pay-for-Success program requires a rigorous data-tracking system to track performance outcomes. As such, the work group conducted an assessment of the program's existing data elements and data tracking process to determine if enhancements are needed in preparation for a Pay-for-Success initiative.

Currently data is tracked manually by the community providers. Data elements include assessments, enrollments, mental health linkages referrals, life skills services, employment services, education referrals, public benefits referrals, AB109, housing placements, and recidivism. Sheriff assists with the tracking and reporting of recidivism data, while the community providers compile data for the remaining data elements and report out on a monthly basis.

Expanding Just In Reach Through Pay-for-Success

In preparation for a Pay-for-Success initiative the work group is in the process of strengthening the current data tracking process and identifying the primary outcomes that should be tracked. Different approaches for accurately capturing data are being explored, including the possibility of using existing data systems such as Enterprise Linkages Project (ELP) or Homeless Management Information System (HMIS) to streamline and automate outcome capturing. A future state process for capturing and reporting outcomes will be developed by the work group and implemented into the program.

Next Steps

Through its assessment of the JIR program, the work group has determined that the program contains the fundamental components required to be a successful Pay-for-Success initiative. The work group has identified programmatic and operational enhancements that they recommend be implemented in order to better prepare JIR for implementation under Pay-for-Success. As such, the work group has identified the following next steps for preparing JIR for Pay-for-Success:

- Finalize the enhanced JIR model and receive buy-in from stakeholders;
- Implement the enhanced JIR model including a strengthened data tracking process; and
- Conduct a cost-benefit analysis.

The work group also recommends the remaining Pay-for-Success components be developed on a parallel track, including:

- A detailed oversight structure that includes the roles and responsibilities of all parties involved;
- Any changes required to the County fiscal, contract, and other policies and procedures required for implementation; and
- A budget that delineates all financial requirements, including any initial and ongoing County investments and the leveraging of philanthropic dollars.

The work group will return to the Board with a status report on all completed and pending activities in three months.

Attachment

Just In Reach – Current Business Process

4.22.13

ACRONYMS
 CA – Custody Assistant
 CM – Case Manager
 CCHRS – Consolidated Criminal History Report System
 CRCC – Community Reentry & Resource Center
 CTU – Community Transition Unit
 EB1 – Education-Based Incarceration
 IDP – Individual Development Plan
 IRC – Inmate Reception Center
 JICS – Jail Information Classification System
 JIR – Just in Reach

NOTES
 1) CTU may refer inmate to JIR at any point during incarceration
 2) Inmates with severe mental health disorders are referred to DMH services and are not served through JIR

