



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

June 25, 2014

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

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PAY FOR SUCCESS

On October 15, 2013, a Board motion introduced by Supervisor Ridley-Thomas and Supervisor Knabe was approved to direct the Chief Executive Officer to convene an Advisory Group comprised of external Pay-for-Success financing experts, the Auditor-Controller, County Counsel, the Director of the Internal Services Department, and the Treasurer and Tax Collector to report back within 90 days with a written Pay-for-Success blueprint report. The Board requested for the blueprint report to include the following components: 1) Selection criteria for a Pay-for-Success initiative; 2) Options for contracting with intermediaries and service providers; 3) Guidelines for developing a financing model, including a payment structure based on outcomes achieved; and 4) Recommendations for changes to the County's fiscal, procurement, and other policies and procedures that would be required for implementation.

The Pay-for-Success Advisory Group, consisting of the County departments mentioned in the Board motion, has been meeting regularly to draft the blueprint. On June 17, 2014, your Board approved the \$300,000 California Pay-for-Success Initiative award from the Nonprofit Finance Fund to the County of Los Angeles. The award includes \$200,000 that will be paid directly to Third Sector Capital Partners to provide best practices, help document benefits and risks, and provide general information on how these initiatives are being financed by other jurisdictions. If your Board approves the blueprint, \$100,000 will be used to conduct data analysis and establish a performance baseline for a selected Pay-For-Success initiative. Therefore, additional time will be necessary for the Advisory Group to incorporate the knowledge from Third Sector Capital Partners into the blueprint. We are requesting for 90 days to provide your Board with a Pay-for-Success blueprint for the County.

"To Enrich Lives Through Effective And Caring Service"

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

WTF:AJ
VD:ljp

c: Executive Office, Board of Supervisors
Auditor-Controller
County Counsel
Internal Services
Treasure and Tax Collector

Pay for Success-6-25-14:bm