



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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April 8, 2015

To: Mayor Michael D. Antonovich  
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Supervisor Sheila Kuehl  
Supervisor Don Knabe

From: Sachi A. Hamai   
Interim Chief Executive Officer

## **PAY FOR SUCCESS INITIATIVE STATUS**

On November 18, 2014, your Board approved the Pay for Success (PFS) Blueprint<sup>1</sup> and directed the Chief Executive Officer (CEO) to:

1. Work in consultation with Board offices and appropriate departments to define a recidivism project to apply for and secure State financing for AB 1837; and
2. Solicit County departments for other potential projects to address intervention areas which could demonstrate high impact through rigorous outcome-based performance measures.

The attached status report includes four potential PFS projects under consideration and next steps for a detailed feasibility analysis. This report builds upon the County's roadmap for selecting, designing, and implementing a PFS project, as outlined in the County's PFS Blueprint.

On September 29, 2014, Governor Brown signed AB 1837 into law. AB 1837 established the Social Innovation Financing Program and authorizes the Board of State and Community Corrections, through the Recidivism Reduction Fund, to award grants between \$500,000 and \$2,000,000 to three counties to enter into a PFS or social innovation financing contract. The total amount of these grants would be limited at \$5,000,000. As the County awaits further direction from the State regarding guidelines

<sup>1</sup> Los Angeles County Chief Executive Office. *County Pay for Success Blueprint*. October 23, 2014.

*"To Enrich Lives Through Effective And Caring Service"*

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for applying for the funding, we convened a work group to discuss potential recidivism projects and have included our preliminary analysis in this report.

### **PFS Committee**

The PFS Committee includes departments identified in the October 15, 2013 Board motion that directed the CEO to convene an advisory group to develop the County blueprint. The role and responsibilities of each organization in the County's PFS Committee are shown in Table 1.

**Table 1: County's Pay for Success Committee**

| <b>Organization</b>                               | <b>Responsibilities</b>   |
|---|---|
| <b>Chief Executive Office</b>                     | Coordinates review and assessment of project applications;<br>Serves as County budget subject matter expert |
| <b>County Counsel</b>                             | Ensures compliance with County policies/procedures  |
| <b>Auditor-Controller</b>                         | Subject matter expert lead on accounting  |
| <b>Internal Services Department</b>               | Subject matter expert lead on procurement   |
| <b>Treasurer and Tax Collector</b>                | Subject matter expert lead on fiscal and financing matters  |
| <b>Third Sector Capital Partners (Consultant)</b> | Subject matter expert providing information on PFS models, best practices, and feasibility analysis         |

In response to the Board motion, on January 29, 2015, the PFS Committee conducted an informational session for County departments interested in learning about the County's PFS Initiative. As a result, the PFS Committee received eight applications, and based upon the criteria outlined in the PFS County Blueprint, the PFS Committee initially assessed each proposed project's readiness for the PFS model.

This report is structured in the following three sections:

- Section I: Background – Reviews elements of the PFS model, the County's timeline for developing and launching a PFS project, and the County's activities to date. This section lists the eight applications that the PFS Committee has received.
- Section II: Project Assessment – Presents key assessment areas that the PFS Committee considered in selection of a PFS project. In addition, a PFS Readiness Assessment Scale was developed by the PFS Committee to identify a project's readiness level.
- Section III: Potential Projects – Two recidivism projects and two projects in another issue area were identified as potential PFS projects (Table 2).

**Table 2: Potential Projects**

| <b>Issue Area</b> | <b>Proposed Project</b>                       | <b>Department</b>            |
|-------------------|---|------------------------------|
| Recidivism        | <b>Just in Reach</b>                          | Sheriff                      |
|                   | <b>Women's Re-entry Court</b>                 | Public Health                |
| Other             | <b>Homeless Families Coming Home Together</b> | Children and Family Services |
|                   | <b>Housing First Project</b>                  | Mental Health                |

While the PFS Committee's assessment finds four projects that demonstrate PFS potential, a complete feasibility analysis is necessary prior to the selection of a project for implementation to define the parameters for a target population and ensure that the project can be designed to best meet participants' needs and achieve successful outcomes. Each of these four projects has the potential to be a successful PFS project, and a feasibility analysis will rank the proposals and determine the amount of time and resources required to ensure a project's success. The feasibility assessment and full vetting of each project will be completed by the PFS Committee, Third Sector Capital Partners, and departmental subject matter experts. We plan to return to your Board in 90 days to recommend: 1) a project for selection; 2) a plan for setting up the solicitation process; and 3) a plan for financing the success payments, if the project is successful.

The completed feasibility analysis will then serve to determine the project parameters and requirements to procure a highly qualified project manager and identify the most suitable service provider(s) to design the intervention of the specified project. Following the selection of the project manager and identification of the service provider(s), the project team and the County would approach private and philanthropic organizations to secure upfront funding for project launch.

If you have questions, or need additional information please contact Cheri Thomas at (213) 974-1326, or at [cthomas@ceo.lacounty.gov](mailto:cthomas@ceo.lacounty.gov).

SAH:JJ:CT  
VD:ljp

Attachments (2)

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

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COUNTY OF LOS ANGELES

**PAY FOR SUCCESS INITIATIVE**

Potential Projects

April 2015



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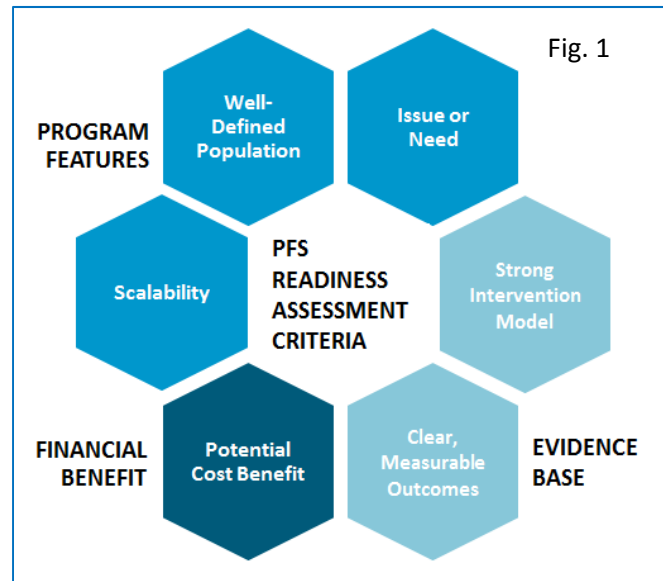
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## EXECUTIVE SUMMARY

In response to the November 18, 2014 County Board motion requesting recommended Pay for Success (PFS) projects, this report provides: 1) background information on the County’s PFS Initiative and eight applications by departments; 2) the criteria used to assess each application’s readiness for PFS; and 3) an overview of potential projects for the Board’s consideration.

The Board motion directs the selection of two projects, one to address recidivism and one focused on another intervention area. On September 29, 2014, Governor Brown signed AB 1837 into law. AB 1837 established the Social Innovation Financing Program and authorizes the Board of State and Community Corrections, through the Recidivism Reduction Fund, to award grants between \$500,000 and \$2,000,000 to three counties to enter into a PFS or social innovation financing contract. The total amount of these grants would be limited at \$5,000,000. As the County awaits further direction from the State regarding guidelines for applying for the funding, we convened a work group<sup>1</sup> to discuss potential recidivism projects and have included our recommendations in this report.

Based upon the key criteria outlined in the County’s PFS Blueprint, the County PFS Committee developed a PFS Readiness Assessment Scale to determine each application’s readiness for PFS. Figure 1 displays six assessment areas that formed the basis of the Committee’s criteria for review of the applications. These six criteria are grouped by: Program Features, Evidence Base, and Financial Benefit.



The PFS Committee selected the following as potential projects:

- Recidivism – Women’s Re-entry Court (Department of Public Health)
- Recidivism – Just in Reach (Sheriff’s Dept.)
- Other Issue – Homeless Families Coming Home (Department of Children and Family Services)
- Other Issue – Housing First Project (Department of Mental Health)

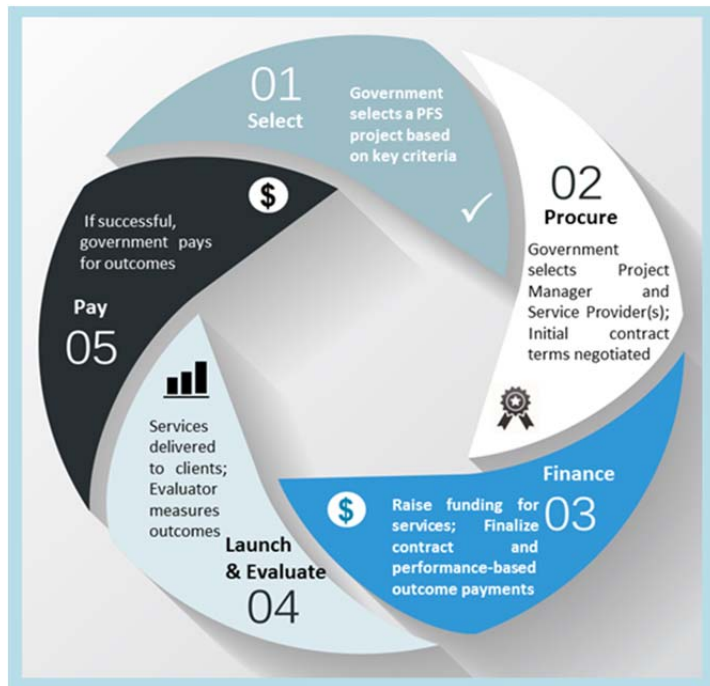
As the County has yet to launch a PFS project, the Committee recommends that a feasibility assessment and vetting of each project be completed by the PFS Committee, Third Sector Capital Partners, and departmental subject matter experts. The feasibility analysis will result in a ranking of the proposals and determine the amount of time and resources required to ensure a project’s success. We plan to return to your Board to recommend: 1) a project for selection; 2) a plan for setting up the solicitation process; and 3) a plan for financing the success payments, if the project is successful.

<sup>1</sup>Departments that attended meeting: Public Health, Probation, Public Works, Sheriff, Mental Health, Public Defender, District Attorney, and the Countywide Criminal Justice Coordination Committee.

### I. BACKGROUND

#### THE PAY FOR SUCCESS MODEL

Government typically pays for services prior to knowing whether a program will result in expected client outcomes. In contrast, in the **Pay for Success (PFS)** model, private and/or philanthropic organizations fund service delivery of a project, and government only pays if pre-determined outcomes are achieved. The figure below illustrates five overarching steps to launch a PFS project.



**Fig. 2: Five Steps for Government to Launch a Pay for Success Initiative** from development to implementation

- 1. Select** – Select and Prioritize Intervention issue area
- 2. Procure** – Procure Project Manager and Service Provider(s) and begin negotiating contract terms and conditions
- 3. Finance** – Raise project funding and negotiate payment terms
- 4. Launch & Evaluate** – Implement project and evaluate outcomes
- 5. Payment** – Pay for any successful outcomes achieved

#### COUNTY PFS INITIATIVE

The PFS Committee invited representatives from County departments to attend an informational session to learn about the County’s PFS Initiative and how they could submit an application for a proposed project. Nineteen County departments attended the informational session on January 29, 2015. At the session, Committee members highlighted program criteria necessary to launch a successful PFS project; reviewed examples of actual projects; and presented a timeline for selection, construction and launch of a project (Table 1, p. 5). As described at the informational session, a **Pre-launch** phase includes **Project Selection and Construction** and would be expected to take up to 24 months. Following submission of applications, the PFS Committee would identify applications that meet key criteria, and then these applications would be further vetted. As the PFS Committee gathers information to readiness of these applications, departmental staff would provide added material on the target population, data, and project design.

Upon identification of those projects most ready for the PFS model, the next step is a detailed feasibility analysis, which may take up to 90 days and would involve working with the department to better understand key information about the project concept, including: program features, the evidence base, and the potential financial benefit/savings to the public sector. The purpose of the



## Proposed Pay for Success Projects

feasibility analysis is to clearly define a target population and their unmet need so that a project manager and service provider can design an intervention to meet these needs in an innovative way that guarantees improved client outcomes. Specific activities within each step of the feasibility process include:

- **Assessing Program Features** – This step involves review of data sources from departments and service providers to estimate the size of the target population. In addition, discussions with the department would result in understanding the process that a target population accesses services to meet specified needs. Barriers or gaps in meeting such needs and the ability to scale services to serve more participants would also be identified.
- **Understanding the Evidence Base** – After defining the target population and understanding their unmet needs, the second step involves mapping the referral pathway, reviewing the evidence base and intervention model, and determining need for additional services. Moreover, this step requires clearly identifying how an intervention leads to specific, desired client outcomes and the data systems that capture such information. Any gap in data collection and concern about the quality of data should also be noted.
- **Estimating the Potential Cost Benefit/Savings to the Public Sector** – Estimating the potential ongoing cost at scale of the target intervention is required. Any government savings, cost avoidance, or improved resource efficiency from the proposed intervention would be defined. Also, any gap in understanding and measuring cost/benefit of the proposed program would be indicated as well as additional information that may be needed.

Overall, the feasibility analysis informs the subsequent steps of **Construction and Launch**. By knowing the gaps in the project concept, knowledge may be gathered to clarify the target population’s needs and enhance the overall design of a potential project to best address these needs.

**Table 1: County PFS Initiative Timeline**

|            | Step                | Activities   | Time Period |
|------------|---------------------|--|-------------|
| Pre-launch | <b>Selection</b>    | <ul style="list-style-type: none"> <li>• Applications Submitted by Departments</li> <li>• Application Vetting by PFS Committee</li> <li>• Detailed Feasibility/Gap Analysis (90 days)</li> </ul> | 4 months    |
|            | <b>Construction</b> | <ul style="list-style-type: none"> <li>• Board Selects Project</li> <li>• Procure Project Manager &amp; Service Provider(s)</li> <li>• Finance</li> </ul>  | 9-18 months |
|            | <b>Launch</b>       | <ul style="list-style-type: none"> <li>• Intervention</li> <li>• Evaluation</li> <li>• Pay</li> </ul>  | 3-7 years   |

Following review of the feasibility analysis, the Board would determine whether the project should be implemented. The procurement and finance steps may take up to 18 months. After solicitation, the County team would expand to include departmental staff and other stakeholders, including the Project Manager and Service Provider(s). The expanded team would then approach private and

philanthropic organizations to secure upfront financing for service delivery. Finally, once contract terms are finalized among all parties, the project enters the **Launch phase**.

**COUNTY PFS APPLICATION PROCESS**

During the informational session, the County’s PFS Application Form was distributed (Appendix B). Based upon the program criteria identified in the Blueprint (Appendix A), the Application was developed by the PFS Committee to request for facts about an issue area and a proposed project that would be used as a basis to assess a project’s readiness for PFS. The Application requested an overview of the intervention area, target population, and a description of any existing project and associated costs. Moreover, knowing that a PFS project requires a rigorous evaluation, the Application requested an assessment of outcomes and available data that would be necessary to determine the success of a project. In addition, to understand any potential for estimated savings to the County, information was requested on cost-benefit analysis, related financial information, and benefits/risks.

The CEO received seven applications from five departments by the February 27, 2015 deadline. Three applications focused on reducing recidivism for individuals incarcerated in either the County Jail or Probation system; and four applications were submitted to address other issue areas. After the deadline, an eighth application was submitted. While this application was received after the due date, the CEO thought the application was thorough and asked the PFS Committee to review the application. Moreover, with the PFS concept being new to the County, we encouraged departments to send us their ideas so that we identify the strongest applications that the Board may consider. Table 2 lists these eight projects in alphabetical order.

**Table 2: Proposed Projects by County Departments**

| <b>Issue Area</b> | <b>Proposed Project</b>                         | <b>Department</b>            |
|-------------------|---|------------------------------|
| <b>Recidivism</b> | ▪ Employment Program for Probation Youth        | Public Works                 |
|                   | ▪ Re-entry Planning (Just in Reach)             | Sheriff                      |
|                   | ▪ Women’s Re-entry Court (Treatment)            | Public Health                |
| <b>Other</b>      | ▪ Drop-in Centers for Transition Age Youth      | Mental Health                |
|                   | ▪ Homeless Families Coming Home (Reunification) | Children and Family Services |
|                   | ▪ Housing First (Chronically Homeless)          | Mental Health                |
|                   | ▪ Parks After Dark (Community Gang Prevention)  | Public Health                |
|                   | ▪ Youth Work Program (for Foster Youth)         | Children and Family Services |

The following section presents an overview of the project selection process and the methodology utilized to assess each application’s readiness for PFS.

## II. PROJECT ASSESSMENT

Upon receiving eight applications from departments, the PFS Committee worked to review, assess, and identify each project’s readiness for PFS. In the following weeks, the PFS Committee met to further discuss the eight applications and finalize its recommendations. During this time, CEO staff and Third Sector Capital Partners convened a meeting with departments<sup>2</sup> that submitted applications focused on reducing recidivism and solicited additional information from another department whose project demonstrated strong viability in a PFS context<sup>3</sup>.

### PFS READINESS ASSESSMENT SCALE

Based upon key selection criteria outlined in the Blueprint, the PFS Committee first summarized each application (Appendix A). To quantify the Committee’s assessment of each application’s level of readiness for PFS, the Committee developed the PFS Readiness Assessment Scale. The Scale rates each application within six assessment areas to compute an overall score. The six assessment areas are categorized by: 1) Program Features, 2) Evidence Base, and 3) Financial Benefit. After reviewing an application, the Committee reached consensus and assigned a score (1-3) for each assessment area. Table 3 depicts the scale and provides a hypothetical sample for calculating a total score.

**Table 3: PFS Readiness Assessment Scale**

| ASSESSMENT AREA                          |   | PFS READINESS LEVEL |          |           |                |
|--|---|---------------------|----------|-----------|----------------|
|  |   | 1<br>Basic          | 2<br>Mod | 3<br>High | Total<br>Score |
| PROGRAM FEATURES                         | 1. <b>Well-defined Population:</b> At what level are characteristics and parameters of the target population defined?   |                     |          | ✓         | 3              |
|  | 2. <b>Issue or Need (Problem):</b> Is the issue or need of the population clearly defined?  |                     |          | ✓         | 3              |
|  | 3. <b>Scalability:</b> Is there a referral pathway that would ensure the intervention could be scaled to meet a significant portion of the target population?             |                     | ✓        |           | 2              |
| EVIDENCE BASE                            | 4. <b>Strong Intervention Model (Solution):</b> Is an intervention model indicated that has been evaluated with demonstrated successful outcomes?                         |                     | ✓        |           | 2              |
|  | 5. <b>Clear, Measurable Outcomes:</b> Is the goal or intended outcome of the project clear?   |                     | ✓        |           | 2              |
| BENEFIT                                  | 6. <b>Potential Cost Benefit/Savings to the Public Sector:</b> Can we estimate government cost savings, cost avoidance, or increasing number served with same investment? | ✓                   |          |           | 1              |
| <b>Total Score (highest possible 18)</b> |   |                     |          |           | <b>13</b>      |

**PFS Readiness Levels:** 1) **Basic:** Information provided suggests minimal readiness for PFS; 2) **Moderate:** Information provided suggests some readiness for PFS; 3) **High:** Information provided suggests significant level of PFS readiness.

<sup>2</sup>Departments that attended meeting to define a potential recidivism project : Public Health, Probation, Public Works, Sheriff, Mental Health, Public Defender, District Attorney, and the Countywide Criminal Justice Coordination Committee.

<sup>3</sup>Additional information solicited from Department of Children and Family Services for “Homeless Families Coming Home”.

### ASSESSMENT FINDINGS

Based upon the three assessment categories described, the PFS Committee focused on identifying application(s) that were most ready for the PFS framework. The following outlines the PFS Committee's overall assessment of the applications' readiness for PFS.

#### *Program Features*

When the PFS Committee initially met to discuss the applications, the Committee reviewed four assessment areas within the program features category. First, the Committee needed to understand each application's focus on an **issue or problem** to address for a specific population. Then, members evaluated each application to assess how clearly the department defined characteristics of the **target population**. Within the program features category, applications scored higher if clear parameters were provided for the target population with a specific unmet need. Based upon the definition of the target population, the Committee also considered potential referral pathway(s) to assess the **scalability** of the project to ensure that a significant number of the target population would be served. Therefore, applications that proposed to address the needs of a broad population at the community-level were not scored as high within the target population or scalability areas. In contrast, projects that focused on fewer variables and clearly identified an unmet need for a specific population, received higher scores within the program features category and showed greater potential for success as a PFS project.

#### *Evidence Base*

Once the Committee identified the program features of an application, members reviewed the evidence base to determine if the application referenced a strong intervention model to support readiness for PFS. To score high in this category, applications needed to: 1) clearly describe an **intervention model** or solution and 2) show that the model is associated with **clear and measurable outcomes**. Some projects clearly defined a problem and a target population, but did not identify specific goals to measure how much better off clients would be following the intervention. Overall, the PFS Committee rated applications high in the evidence base category, if the application included an evidence-based solution that is connected to desired outcomes. However, it is important to note that even if a project scored higher in this category, further analysis to determine the feasibility of the project is dependent upon accurate, quality data that is available to measure the desired outcomes. The evidence to support achievement of outcomes must be directly shown in a PFS model in order to determine if a project is ultimately successful and goals have been achieved.

#### *Potential Financial Benefit*

After understanding the program elements and intervention model of each application, the PFS Committee reviewed the **potential financial benefit**. This third category underlies a critical element of PFS, and the Committee reviewed each application to assess the potential for cost savings or cost avoidance for the County. A full accounting of cost savings and/or avoidance includes information about both the true intervention costs as well as the total economic benefit of the intended outcomes. A few applications included more detailed information on potential cost avoidance. For instance, a reduction in recidivism is expected to result in cost avoidance of incarceration, and two

applications estimated such cost. However, all applications demonstrated gaps in this area and understanding the full implications of the financial benefit will require further research and analysis for any project selected by the Board.

### Potential Projects

Overall, the eight applications that were submitted by departments described commendable programs designed to improve the lives of individuals in our communities. After a thorough review of each application, the PFS Committee reached consensus about the top four applications. Based on the PFS Readiness Assessment Scale, on page 7 of this report, scores for the applications ranged from 10-17. For three applications with the highest three scores (above 15), the Committee asked additional questions to learn more about the project's readiness. Such questions focused on: further defining the characteristics of the target population, asking about the referral pathway to ensure scalability, learning more about the availability of specific data elements, and requesting data to estimate the size of the target population.

As a result of the PFS Committee's review and follow-up of the highest rated projects, four projects were selected to proceed with a feasibility analysis–

- Recidivism Project: **Women's Re-entry Court** (DPH)
- Recidivism Project: **Just in Reach** (LASD)
- Other Project Area: **Homeless Families Coming Home** (DCFS)
- Other Project Area: **Housing First Project** (DMH)

The next section takes a closer look at each of these applications by summarizing findings within the six assessment areas. As a next step, the section highlights information that would be requested during a comprehensive feasibility analysis of each application.

### III. POTENTIAL PROJECTS

This section presents an overview of the four projects selected for the Board’s consideration. For each project, a summary of the six assessment areas, a review of any existing project, and remaining questions to determine PFS readiness are indicated. Information included below originates directly from the applications received by the PFS Committee.

#### 1. RECIDIVISM PROJECT: WOMEN’S RE-ENTRY COURT

*Submitted by the Department of Public Health*

**A well-defined target population** – Women with histories of substance use disorder who have been charged with a felony offense, or have a probation violation while on probation for a felony offense. This population of women in the criminal justice system often faces mental health illness and trauma histories, in addition to substance use disorders. The County estimates 15,432 women in the target population, with 82% having history for a substance use disorder.

A national Bureau of Justice Assistance multi-site study of women in jails demonstrates high rates of mental health problems, with the majority of women meeting criteria for serious mental illness (43%) and posttraumatic stress disorder (PTSD) (53%). The study also indicates that 56% of women have children under age 18.<sup>4</sup>

| Estimated Target Population in Los Angeles County                      | Target Population |
|--|-------------------|
| Women charged with non-violent, non-serious, non-sex offenses          | 11,041            |
| Women charged with serious or violent crime                            | 3,530             |
| Women on probation for a felony offense who have a probation violation | 861               |
| <b>Total</b>   | <b>15,432</b>     |

**Clearly defined issue or need** – Currently, women in Los Angeles County jail are screened for mental health illness and referred to services, yet these services are not integrated with substance abuse treatment to address co-occurring disorders. Integrated treatment services and drug treatment options for high-risk women are lacking in the County jail system. Continuing and/or expanding this program would address this gap in integrated treatment to meet the health and wellness needs of incarcerated women with co-occurring disorders.

**Scalability and potential impact** – A comprehensive assessment determines level of care for substance abuse and mental health issues. With 82% of women in the target population with a history of substance use disorder, there is potential to serve more women.

**Strong intervention model** – Specialized court-based jail diversion program provides mental health and substance use disorder treatment along with housing, employment, and family reunification services. The women have a minimum of six months residential treatment, 6-12 months of outpatient treatment, and six months of aftercare.

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<sup>4</sup> Lynch S, DeHart D, Belknap J, Green BL. Women’s Pathways to Jail: The roles and intersections of serious mental illness and trauma. Supported by the Bureau of Justice Assistance. 2012.

**Clear, measurable outcomes**– Women who graduated from the program in FY 2011-12 had a three-year recidivism rate (new felony convictions) of 18%, which is significantly lower than the 49% rate for women who were released from state prison in 2009-2009. Furthermore, participants experienced a 54% decrease in homelessness, a 10-fold increase in employment rate, decrease in substance use, and mental health improvement (1/5 as likely to be diagnosed with PTSD).<sup>5</sup>

**Potential cost benefit/savings to public sector** – Daily cost of residential treatment and incarceration are similar, however, residential treatment will likely result in long-term cost savings due to its impact on lowering recidivism. Long-term cost savings are estimated to be at least \$800,000 per year (post-release).

### Information to Request during Feasibility Analysis

- Further understand the needs of the sub-populations within the target population and the related interventions that could address these needs.
- Clarifying the referral pathway for each sub-population.
- Further understand intervention costs and the financial benefit of long-term outcomes.

## 2. RECIDIVISM PROJECT – JUST IN REACH

*Submitted by the Sheriff's Department*

**A well-defined target population** – Homeless, repeat offenders (three times in past three years) who are incarcerated and sentenced individuals in the Los Angeles County jail system and are expected to be discharged from jail in 30-120 days. Participants have a diagnosable substance use disorder, serious mental illness, posttraumatic stress disorder, developmental disability, cognitive impairments resulting from a brain injury, or chronic physical disability including the co-occurrence of two or more of those conditions. The participant should have been homeless continuously for at least one year or on at least on four separate occasions in the last three years. An assessment tool would be used to identify participants.

**Clearly defined issue or need** – The mentally ill population has the highest recidivism rate of any offender group (70-73% return rate to custody within three years).

**Scalability and potential impact** – The Sheriff's Department estimates 3,500 individuals in the County jail system are in need of mental health services.

**Strong intervention model** – A pilot project connecting individuals with community providers and supportive services prior to release has shown to reduce the recidivism rate of participants. In addition, with the provision on permanent housing, the model would support housing retention in safe, stable housing.

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<sup>5</sup>Butler K, Pourshaban D, Basurto-Davila R, Shih M. The Potential Benefits and Costs of Sustaining a Women's Jail Diversion Program for Women with Felony Charges in Los Angeles County. Rapid Health Impact Assessment. Los Angeles County Department of Public Health, Health Impact Evaluation Center. March 2015.

**Clear, measurable outcomes** – The 2010-11 recidivism rate (rearrested) was 41% for participant and 76% for the general population.

**Potential cost benefit/savings to public sector** – Annual cost of incarceration per individual is \$78,348/year compared to the program cost of \$3,740/year.<sup>6</sup> Potential areas for cost avoidance include health care system costs (ER visits, hospitalizations). Other areas for cost avoidance should be investigated.

### Information to Request during Feasibility Analysis

- Describe the referral pathway(s) for connecting individuals in the County jail system with this project.
- Identify data and data sources to support verification of all the target population criteria.
- Review the Department's history working with community-based organizations in the areas of case management, employment assistance, and housing placement.
- Determine the costs to provide supportive housing and how the Department envisions securing needed units.
- Describe the procedure for coordinated release during afterhours and weekends so that service providers are available to transport the participant to housing and ensure the Individualized Service Plan is followed.

## 3. HOMELESS FAMILIES COMING HOME TOGETHER

*Submitted by the Department of Children and Family Services*

**A well-defined target population** – According to the Department of Children and Family Services, over 20,000 children are currently in out-of-home care (OHC).

**Clearly defined issue or need** – A homeless parent without physical custody of his/her child is not eligible to receive any public assistance to maintain suitable housing. If parents received housing assistance, their children would spend fewer days in OHC. This project would focus on assisting families with children in OHC that DCFS has identified homelessness being the sole barrier to reunification of the family.

**Scalability and potential impact** – Research has shown that 62% of women who have ever been homeless have had their children in foster care, compared to 39% of a low-income comparison group cohort.<sup>7</sup>

**Strong intervention model** – The project would provide financial assistance and supportive services to assist families in securing and retaining permanent housing so that children can be reunited with their parents more expeditiously. The Homeless Family Solution Center (HFSS) would coordinate homeless services for the family to identify whether rapid re-housing, transitional housing, or supportive housing is needed.

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<sup>6</sup>This cost does not account for the cost of supportive housing that may be offered to clients.

<sup>7</sup>Culhane JF et al. Prevalence of child welfare services involvement among homeless and low-income mothers: A five-year birth cohort study, *Journal of Sociology and Social Welfare*, 2003, 30, 79-95.



**Clear, measurable outcomes** – Number of days that children with homeless parents spend in foster care will decrease; Housing retention of families after 12 months will increase; and the number of children who suffer subsequent maltreatment in the year following return home will be low

**Potential cost benefit/savings to public sector** – Decreasing the number of days that children are in OHC has potential cost avoidance for the County. The overall impact on children and their families would be measured.

### Information to Request during Feasibility Analysis

- Clarify the housing options and needs of the target population (including data on the number of homeless parents with children in foster care).
- Establish referral pathway(s) that would ensure that families in need of housing assistance are connected to the program.
- Determine the most effective method for the Department to secure housing units for families in need.
- Identify data and data source(s) to support verification of all target population criteria.
- Describe how the family would receive a comprehensive assessment.
- Provide more detail on the intervention model to best address each subpopulation's needs.

## 4. HOUSING FIRST PROJECT

*Submitted by the Department of Mental Health*

**A well-defined target population** – Based on the Los Angeles Homeless Services Authority 2013 homeless count, there are 13,613 chronically homeless individuals on any given night. Of the individuals experiencing chronic homelessness approximately 50% or 6,800 also have a mental illness.

**Clearly defined issue or need** – Those who are chronically homeless often have co-occurring mental health, physical health and substance use disorders and other serious barriers that prevent them from transitioning from the streets to a home. They also tend to be high users of publically funded health and criminal justice resources. Despite all of the progress that has been made to end homelessness in Los Angeles using a Housing First approach, more resources are needed to accomplish these goals.

**Scalability and potential impact** – The County's Project 50 and replica projects have served the most vulnerable, chronically homeless individuals as determined by a common assessment tool to identify the most at risk of serious injury, illness and death. In addition, an outreach and engagement team referred the most vulnerable to the program.

**Strong intervention model** – The nationally recognized approach to ending homelessness is Housing First. Housing First is an evidence-based practice that recognizes that individuals are more likely to recover from mental illness, chronic physical health problems and/or substance use disorders if they have a permanent home and; therefore, focuses on providing people who are homeless with permanent housing first and then services as needed and requested.

## Proposed Pay for Success Projects

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**Clear, measurable outcomes** – A study by the County’s CEO Service Integration Branch has shown both the cost effectiveness and positive social impact of Project 50. The study showed a significant decrease in ER visits, hospitalizations, and incarceration for participants.<sup>8</sup>

**Potential cost benefit/savings to public sector** – There have been multi-year studies that demonstrate cost savings to systems through the Housing First intervention for successive years.

### Information to Request during Feasibility Analysis

- Determine the Department’s plan for to securing housing units for individuals in need.

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### Next Steps

The PFS Committee, accompanied by the advisory services of Third Sector Capital Partners, has identified four projects that merit further exploration. For any project, a comprehensive and rigorous feasibility assessment would be necessary prior to entering project construction and launch. Our analysis includes some remaining questions to be addressed in order to assess the feasibility of each project. We recommend that the PFS Committee, Third Sector Capital Partners, and departmental subject matter experts conduct a full feasibility analysis of each project, rank the proposals, and report our findings to the Board. In addition, we will work to set up a solicitation process to bring on board the most qualified project manager to launch the County’s first PFS project; and we will explore options for financing success payments, if a project is determined successful.

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<sup>8</sup>Moreno M, Toros H, Stevens M. Project 50: The Cost-Effectiveness of the Permanent Supportive Housing Model in the Skid Row Section of Los Angeles County. County of Los Angeles, Chief Executive Office. June 2012.

Appendix

**Table A: County PFS Blueprint – Selection Criteria**

| <b>PROGRAM CRITERIA</b>                              | <b>DESCRIPTION</b>   |
|--|--|
| <b>Executive Leadership Support</b>                  | Support from top Executives is vital to the success as long-term management decisions and prioritizing of resources will be required to ensure successful implementation   |
| <b>Well-defined Population</b>                       | The characteristics of the target population need to be well-defined. Moreover, a clearly defined population is critical to establishing the baseline, expected performance outcomes, and evaluation criteria.                                       |
| <b>Strong, Evidence-based Service Delivery Model</b> | The intervention should be one that has been previously evaluated with demonstrated successful outcomes.   |
| <b>Scalability and Potential Impact</b>              | Once intervention is deemed successful, ensure the intervention is scalable to meet a significant portion of the targeted population.  |
| <b>Clear and Measurable Outcomes</b>                 | Sufficient data should be available that can be used to determine whether the intervention is successful. This data will also be used to establish the baseline and help define the expected performance outcomes.                                   |
| <b>Strong Data Collection System</b>                 | Existing data collection systems are available to collect program data and help track performance outcomes. If no system, could be easily developed.   |
| <b>Awareness of Potential Risks</b>                  | Expertise within the County can support the program with the ability to adjust and refine program components to protect the County from potential risk.  |
| <b>Service Integration</b>                           | The proposed intervention fosters service integration whereby clients can benefit from improved service quality, efficiency, and outcomes.   |
| <b>FINANCIAL CRITERIA</b>                            | <b>DESCRIPTION</b>   |
| <b>Est. Significant Savings to the Public Sector</b> | Benefits to the public sector are measured by estimating government cost savings, cost avoidance, or increasing the number served with the same level of investment. The intervention should enable government more effectively use their resources. |
| <b>Ability to Attract Funding</b>                    | The intervention and overall project goal needs to be able to attract substantial interest from private and/or philanthropic organizations and the community.  |
| <b>Limited Restrictions for Use of Funds</b>         | Limited funding restrictions allow adjustments in service delivery to best serve clients. Long-term funding commitments are required for success and one-time funding should be limited as to not to a PFS project that spans multiple years.        |



# COUNTY OF LOS ANGELES Pay for Success (PFS) Project Application

County departments interested in submitting a Pay for Success (PFS) Project for consideration must submit this application responding to the following questions by February 27, 2015 to [vdandillaya@ceo.lacounty.gov](mailto:vdandillaya@ceo.lacounty.gov). Please limit your response to five pages accompanied by a cover letter signed by your director. The County’s PFS Steering Committee and executives from various County departments will review the applications and request presentations on proposals selected for consideration. The highest quality proposals that meet program and financial criteria will be recommended for implementation. Questions or requests for additional information may be referred to Vani Dandillaya at the above email address or at 213-974-4190.

1. Provide the lead applicant’s information as indicated below. Also, if a primary contact other than the lead applicant should be contacted, provide relevant information.

|             | Lead Applicant | Primary Contact (if different) |
|-------------|----------------|--------------------------------|
| Name:       |                |                                |
| Title:      |                |                                |
| Department: |                |                                |
| Email:      |                |                                |
| Phone:      |                |                                |

### Proposed Intervention Area

2. Describe the intervention area being considered and include the following:
  - A. Definition of the issue/intervention area
  - B. Description of the target population and their service need(s)
  - C. Size of the potential target population that would be served by the proposed project
  - D. Program outcomes and/or data to demonstrate that the intervention will meet the project’s objectives (meets population’s needs and achieves the desired outcome)
  - E. Estimated cost to provide the proposed services

### Description of Intervention/Project Concept

3. Is a similar intervention currently in place in the County?
 

If no, go to question 4 below. If yes, provide the following:

  - A. Scope of the existing project
  - B. Number of participants served or scheduled to be served
  - C. Cost of project
  - D. Any outcome/data that documents the program’s results (include data source)
  
4. If a project is not currently in place in the County, is there an existing project outside of the County?
 

If yes, provide the following:

  - A. Existing scope of the project
  - B. Number served
  - C. Cost of project
  - D. Any outcome/data that shows the program’s results (include data source)



## COUNTY OF LOS ANGELES Pay for Success (PFS) Project Application

### Data Analysis and Evaluation

5. Has any evaluation or cost-benefit analysis been conducted within or outside the County suggesting that the proposed intervention would achieve desired outcomes and/or cost savings?
6. What additional data would be helpful in measuring success for this project? For example, another County department or external agency may have existing data related to the desired outcomes.

### Potential Partnerships and Collaboration

7. Which County departments and/or organizations need to be involved (e.g., data, service provision, or support)? Describe each department's or organization's potential involvement with the project.
8. Indicate any stakeholder engagement that has taken place for the proposed project.

### Financial Information

9. A. Are other organizations or individuals interested in funding this project?  
B. If yes, indicate the individuals/organizations in support of the proposed project, and how you are aware of their interest.
10. Are there existing funding mechanisms already in place within the County related to this service intervention? For example, the County receives a federal/State funding match.

### Potential Benefits and Risks

11. What are the benefits or potential risks of the intervention to the County?