



SKILLS . JOBS . CAREERS



INNOVATIVE NONPROFIT FINANCING FOR GROWTH AND SUSTAINABILITY

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▶ ABOUT JEWISH VOCATIONAL SERVICE

Creating economic opportunity for individuals from diverse communities



SKILLS . JOBS . CAREERS

- *Mission:* Empower individuals from **diverse communities** to find **employment** and **build careers**; and partner with employers to hire, develop and retain productive workforces
- Founded in 1938, **JVS is one of Greater Boston's largest workforce and adult education providers**
- Community-based provider with **20+ years experience** integrating adult basic education and contextualized English for Speakers of Other Languages Instruction (ESOL) with preparation for job readiness or advancement
- **18,000+ individuals** served per year
- **Programs utilize evidence-based practices and leverage long-term on-the-ground experience** to serve a diverse population with evolving needs



Social Finance, Inc. is a 501(c)(3) non-profit organization dedicated to **mobilizing capital to drive social progress**

Social Finance is committed to using Pay for Success to tackle complex social challenges, facilitate greater access to services for vulnerable populations, and direct capital to evidence-based social programs — all with the goal of measurably improving the lives of people most in need.

Our History

- **Founded in January 2011** by David Blood, Sir Ronald Cohen, and Tracy Palandjian
- One of the **first dedicated PFS intermediaries in the country**

Our Global Network

- Social Finance UK, was founded in 2007 and launched **the world's first Social Impact Bond** in 2010
- We partner with Social Finance UK and Israel in the world's only **Global PFS Network** – we have launched 30% of all PFS projects worldwide

Our Team

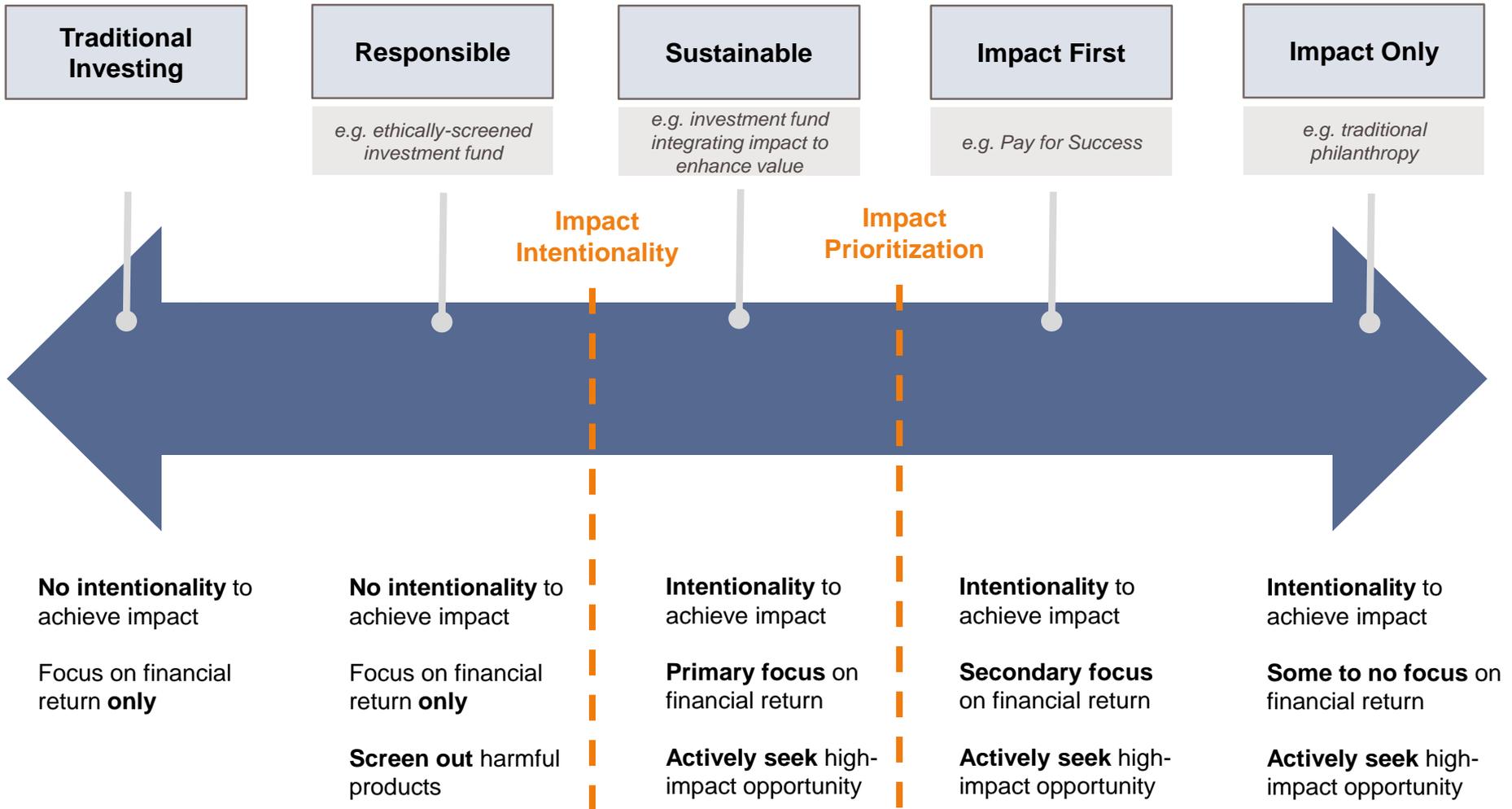
- **Team of 40** includes experienced professionals from the public, private, and nonprofit sectors
- Three offices in **Boston, MA, Austin, TX, and the Bay Area, CA**

Our Work

- Social Finance has **deep experience in the design and implementation of Pay for Success projects** – from early stage feasibility assessment, to project development and capital formation, to post-launch performance management support
- **We have conducted 30+ feasibility studies and are actively developing or managing 15+ PFS projects across a diverse array of issue areas around the country**

▶ WHAT IS IMPACT INVESTING?

Impact investments prioritize high-impact opportunities, while valuing returns

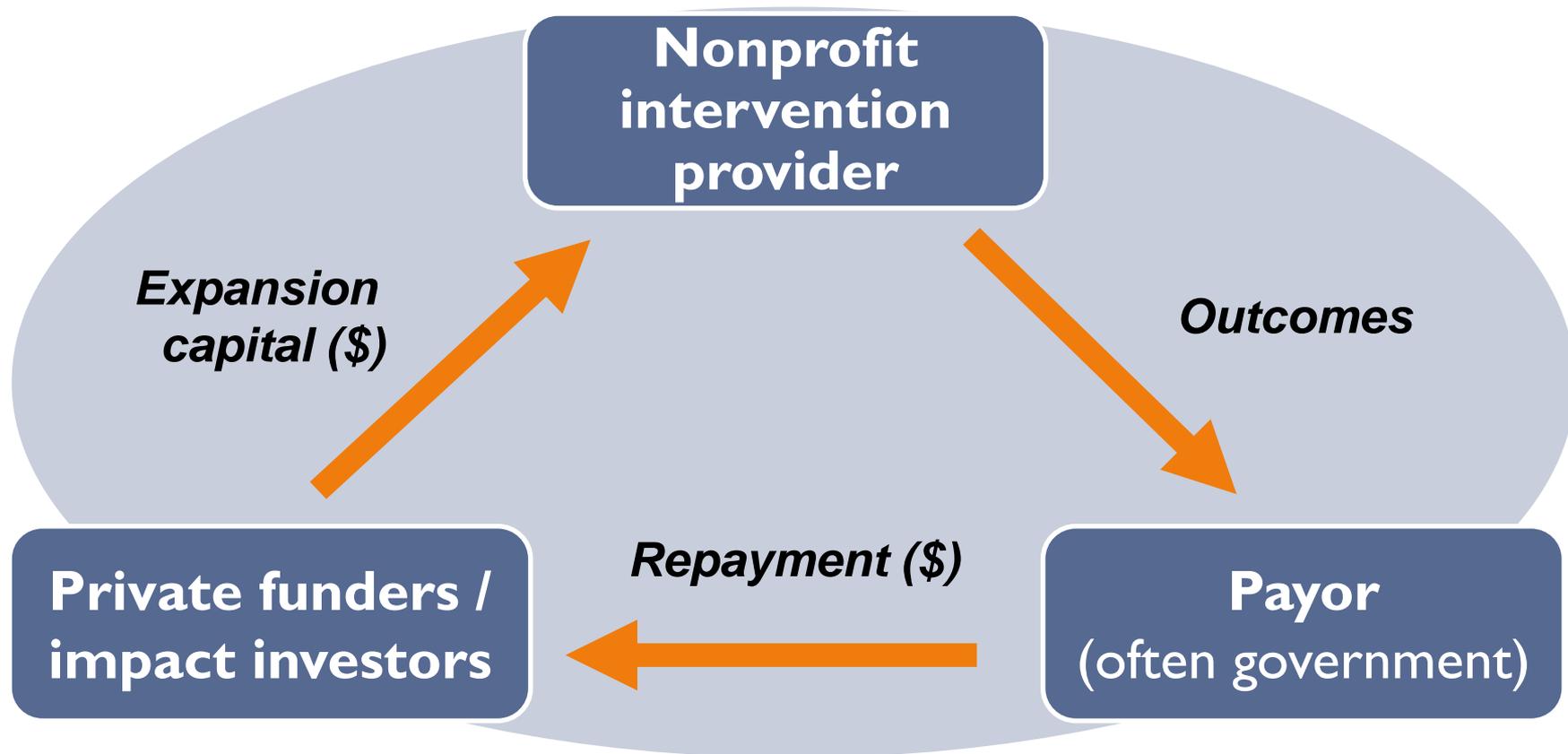


Source: Bridges Fund Management

▶ PAY FOR SUCCESS SITS AT THE INTERSECTION OF THREE POWERFUL MOVEMENTS

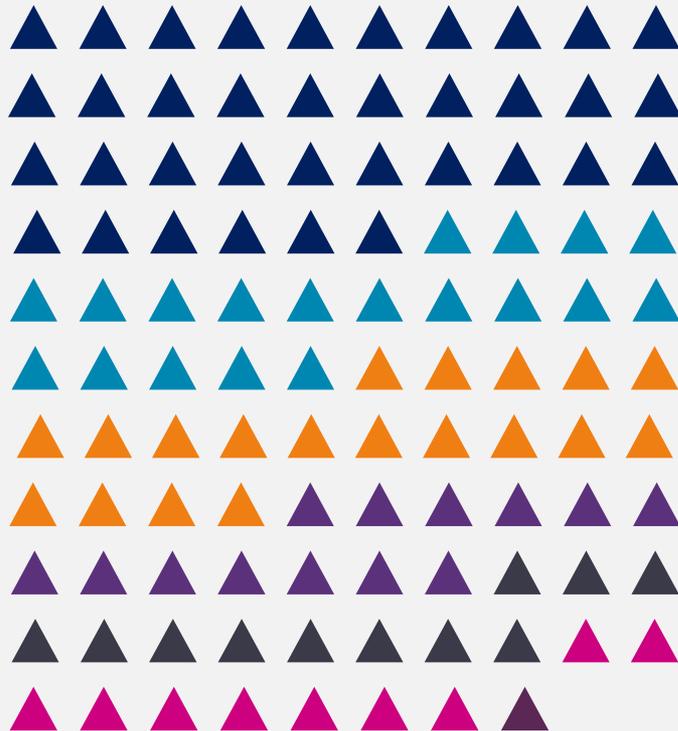


▶ WHAT IS PAY FOR SUCCESS?



Pay for Success is about measurably improving the lives of people most in need by driving resources toward more effective programs

▶ GLOBAL MOMENTUM IN SOCIAL IMPACT BONDS



- 36** Employment
- 19** Homelessness
- 19** Health
- 13** Child and Family Welfare
- 11** Criminal Justice
- 9** Education
- 1** Environment

▶ 20 PAY FOR SUCCESS DEALS HAVE REACHED THE MARKET TO DATE
 ...and more are on their way

Criminal Justice	Early Childhood Education	Homelessness & Family Stability	Health	Environment / Sustainability	Workforce Development
 <ul style="list-style-type: none"> 1 New York City 2 Massachusetts 3 New York State 4 Salt Lake Cty 5 Oklahoma 6 Alameda County 7 Ventura County 	 <ul style="list-style-type: none"> 8 Salt Lake Cty 9 Chicago 	 <ul style="list-style-type: none"> 10 Cuyahoga Cty 11 Massachusetts 12 Santa Clara Cty 13 Denver 14 Connecticut 15 Salt Lake Cty 16 LA County 	 <ul style="list-style-type: none"> 17 South Carolina 18 Michigan 	 <ul style="list-style-type: none"> 19 Washington, DC 	 <ul style="list-style-type: none"> 20 Massachusetts

Additional projects in development:

K-12 education

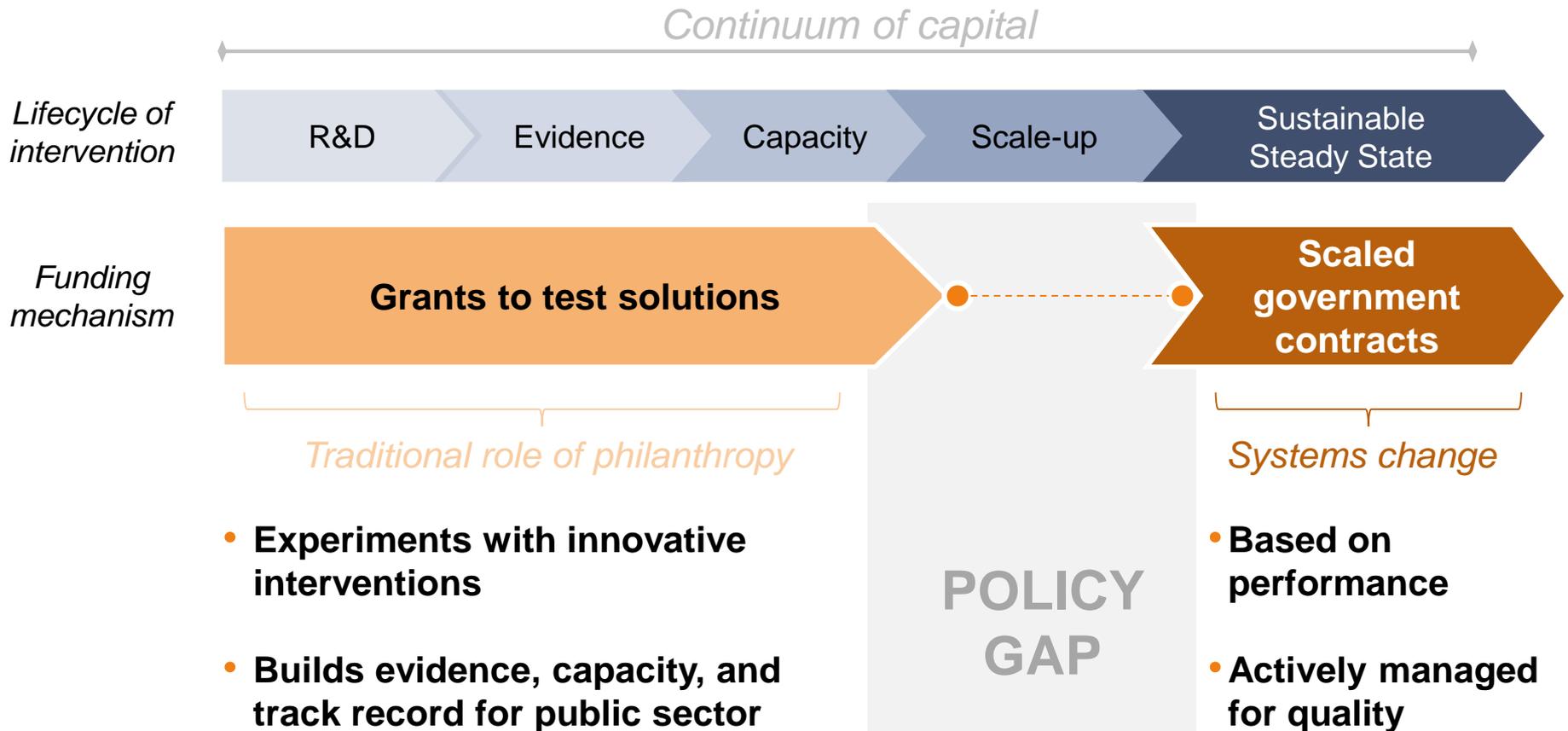
Veterans' affairs

Substance use

Foster care

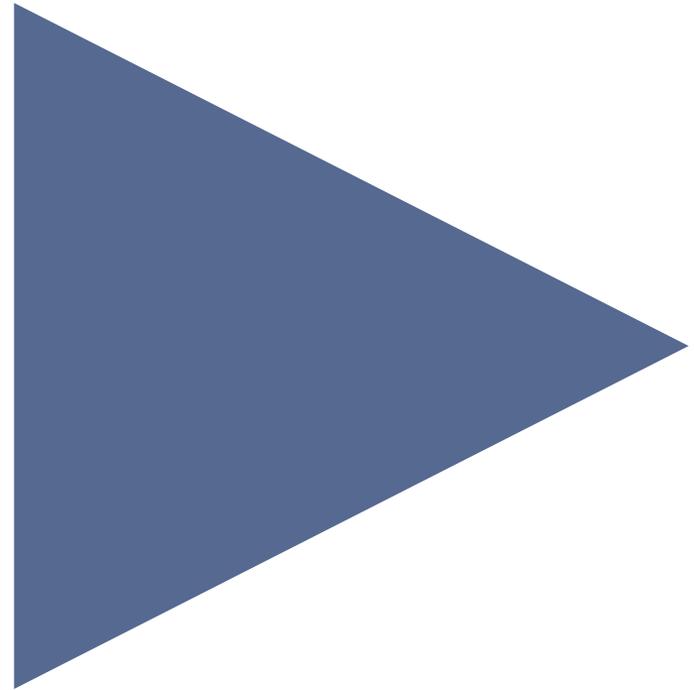
▶ DRIVING TOWARD SUSTAINABLE CONTRACTING

PFS may help build the bridge to scale



PAY FOR SUCCESS MAY BE ABLE TO HELP QUALITY INTERVENTIONS MAKE THE JUMP TO SCALE

▶ MASSACHUSETTS PATHWAYS TO ECONOMIC ADVANCEMENT



▶ THE CHALLENGE IN MASSACHUSETTS

A significant gap in services results in poor employment outcomes

A population in need....

...with limited options

- Approximately 230,000+ known adult English language learners in greater Boston¹
- Limited English creates a **fundamental barrier to employment** and higher paying jobs:
 - Limited English immigrants earn **roughly \$24,000 less annually** than immigrants who speak English fluently²
 - **Over 40% are unemployed** compared to 30% of English speaking immigrants³
- **Insufficient funds for standard English classes.** 16,000 known individuals on service provider waitlists for English classes⁴
- **Current services lack workforce component.** Scarcity of programs designed to help individuals improve English and **transition to either employment or higher earnings**

Access to the right services can potentially help limited English speakers increase their earnings and make successful transitions to higher education



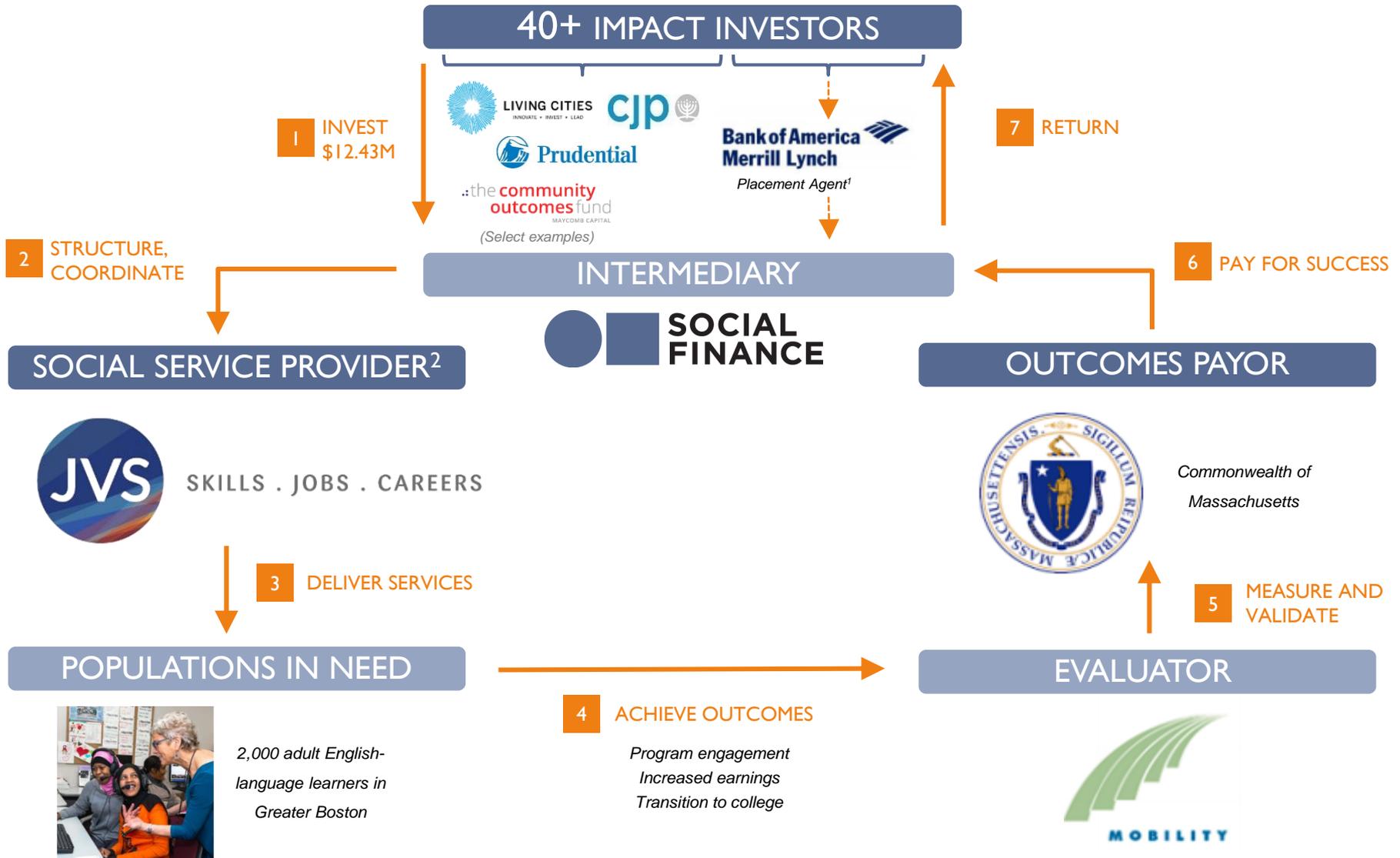
Source: 1,2,3,4) "Breaking the Language Barrier: A Report on Language Services in Greater Boston," The Boston Foundation (March 2011).

▶ PAY FOR SUCCESS JVS PROGRAM TRACKS

JVS will provide a tiered service offering

Program Track	Rapid Employment	English for Advancement	Occupational Skills Training	Bridges to College
Target Population	Low English skills; primarily refugees; seeking to secure first job immediately	Low to intermediate English skills; primarily immigrants; seeking employment or job advancement	Intermediate English; primarily immigrants; seeking employment in nursing or hospitality sector	Higher level English with at least high school credential seeking to transition into higher education
Program Description	Employment-focused English language services; skills development; and job search assistance; <i>Services customized per program track</i>			College preparation and coaching to transition into higher education
Outcome Metric	Earnings; Program Engagement	Earnings; Program Engagement	Earnings; Program Engagement	Transition into College; Program Engagement
Anticipated Number of Enrolled Participants	~450	~1,000 – 1,200	~230	~120

MASSACHUSETTS PATHWAYS TO ECONOMIC ADVANCEMENT



Notes:

- 1) Bank of America Merrill Lynch acted as the placement agent for certain qualified high net-worth and institutional investors
- 2) Jobs for the Future (JFF) will be providing technical assistance services to JVS to implement the evaluation of their English for Advancement (EFA) program track

▶ WHEN IS OUTCOMES-BASED FUNDING USEFUL?

Important challenges faced by communities

Solutions have:

Defined Target Population

Underserved, large-scale population, with adequate demand for intervention

Codified Program Model

Well-codified program model with fidelity monitoring

Demonstrated Impact

Evidence base and data demonstrate meaningful impact on key outcomes

Scalable Service Provider

High-quality provider with capacity to scale

Positive ROI

Clear link to public-sector benefits (economic and community benefits) within reasonable timeframe

Payor and Investor Interest

Outcomes attract civic and/or commercial support

▶ WHEN IS OUTCOMES-BASED FUNDING USEFUL?

High-performing, scalable service providers exhibit the following qualities

Data & performance management

- Capacity for data capture, analysis, and quality control
- Continuous improvement culture to make rapid adjustments to achieve program outcomes

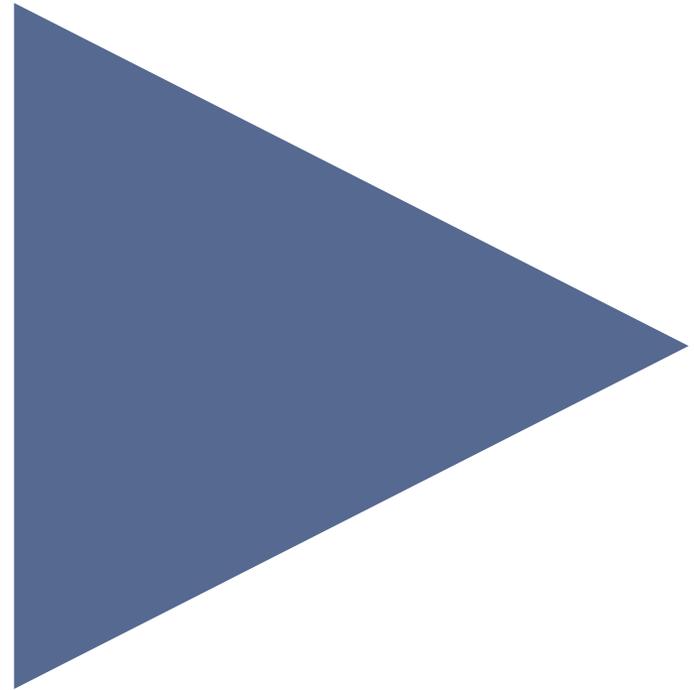
Growth strategy and planning

- Operational capacity to scale, including hiring, training, and people/partner management

Risk and financial management

- Financial stability and funder depth to access working capital for planning / ramp-up period
- Risk appetite to manage timeline and reputational concerns

▶ LOOKING AHEAD



▶ HISTORIC FEDERAL LEGISLATION TO SUPPORT PAY FOR SUCCESS

The Social Impact Partnerships to Pay for Results (SIPPRA) was signed into law on Feb. 9, 2018

SIPPRA Overview

- Allocates **\$100M in federal funding**, competitively awarded to **state and local government** for pay-for-success projects and feasibility studies in workforce, health, foster care, criminal justice, homelessness, mental health, education, and vets (minimum of 50% of \$100M must support initiatives that directly benefit children)
- Housed at the **Treasury Department**, with support from the **Federal Interagency Council on Social Impact Partnerships** (representatives from most of the domestic cabinet-level agencies) and the **Commission on Social Impact Partnerships** (representatives appointed by the president and congressional leaders)
- Treasury to launch competition **within 12 months**, and announce winners within 6 months

How can you position your agency?

- Identify **state and local governments** to partner with on projects that can leverage SIPPRA funds
- Conduct **feasibility studies** to confirm viability for Pay for Success

VISION FOR THE FUTURE



Governments will make funding decisions on—and pay for—positive social outcomes.

High-performing **nonprofits** will have a sustainable funding stream that rewards performance.

Impact investors can invest their capital directly in better results for the most vulnerable citizens.

Mainstream **public finance** markets will increasingly reward non-financial performance.