



FACT SHEET: THE CUYAHOGA PARTNERING FOR FAMILY SUCCESS PROGRAM

- Families in need should have access to programs that address their unique challenges, are proven to work and create improved accountability for government spending. The County of Cuyahoga, Ohio, encompassing the greater Cleveland area, is launching the nation’s first county-level Pay for Success (PFS) project in partnership with FrontLine Service, a comprehensive continuum of care service provider for homeless persons in Ohio. The Partnering for Family Success Program, the first PFS project in the combined areas of homelessness and child welfare, will deliver intensive 12-15 month treatment to 135 families over five years to reduce the length of stay in out-of-home foster care placement for children whose families are homeless.
- In Cuyahoga County, for children placed in out-of-home foster care to be reunited with their families, their caregivers must be able to provide a safe and stable home environment. Unfortunately, many of these caregivers are homeless, struggle with domestic violence, substance abuse and mental illness and are in need of critical services to address these issues in order to be able to care for their children. As a result, their children—nearly two-thirds of whom are under the age of six—spend significantly longer lengths of stay in out-of-home foster care and are left profoundly impacted by the loss of consistent caregivers. This extended time in the child welfare system results in poor outcomes for the County’s most vulnerable families and leads to higher costs to the County.
- In partnership with the Program’s housing partners, FrontLine will link each caregiver to housing and deliver an evidence-based homelessness transition therapy known as “Critical Time Intervention” (CTI). CTI helps vulnerable families that are experiencing homelessness to slowly reconnect to community support networks and settle successfully in newly attained housing. In addition, CTI will be paired with age-appropriate, evidence-based trauma services that will strengthen healthy and secure caregiver-child relationships. FrontLine’s services are designed to reduce the time children spend in out-of-home foster care by stabilizing the family’s home environment and increasing family reunification success.
- The Partnering for Family Success Program includes:
 - **Service Provider:** FrontLine Service
 - **Housing Providers:** The Cuyahoga Metropolitan Housing Authority, Emerald Development and Economic Network, Inc. and Famicos Foundation
 - **Referral Partners:** County’s Office of Homelessness, The Domestic Violence & Child Advocacy Center and the County’s Division of Children and Family Services
 - **Project Manager & Fiscal Agent:** Enterprise Community Partners, Inc.
 - **Government Payor:** County of Cuyahoga, Ohio
 - **Government Advisor & Transaction Coordinator:** Third Sector Capital Partners, Inc.
 - **Funders:** The Reinvestment Fund, The George Gund Foundation, The Cleveland Foundation, Sisters of Charity Foundation of Cleveland and Nonprofit Finance Fund
 - **Independent Evaluator:** Case Western Reserve University

- Pay for Success (PFS) is an innovative funding model that drives government resources toward social programs that prove effective at providing results to the people who need them most. PFS expands available funding for nonprofit service providers and tracks the effectiveness of programs over time to ensure funding is directed toward programs that succeed in measurably improving the lives of people most in need.

PFS enables governments to draw in greater resources to tackle social problems by tapping private investments for the upfront costs of the programs. If the program is successful in delivering services that improve the lives of the people it is meant to serve, then government repays those who made the original investment. If, and only if, the program exceeds the pre-determined outcomes, the government pays a small return on the investment. If the program does not achieve its target results, government does not repay those who made the original investment. This model ensures that taxpayer dollars are being spent only on programs that actually work.

- Both private funders and philanthropic organizations will provide a total of \$4 million in upfront funding for the Partnering for Family Success Program. Cuyahoga County will repay these funders only if FrontLine’s services are proven to shorten the length of stay in out-of-home foster care. Cuyahoga County will pay a maximum of \$5 million in success payments for this five-year project¹.
- Cuyahoga County is the first county in the nation to establish a special fund² for PFS. The Social Impact Financing Fund was approved in July 2014, with co-sponsorship by County Executive Ed FitzGerald and County Councilman Dale Miller.
- The project partners are currently scaling services for full implementation through a pilot period, which launched in July 2014. The pilot is being funded by a philanthropic grant from the Laura and John Arnold Foundation. The grant will not be repaid. During this time, FrontLine has been able to hire and train key staff for project implementation and test the referral process with the Division of Children and Family Services and the Domestic Violence and Child Advocacy Center in a random assignment research design monitored by the independent evaluator, Case Western Reserve University.

SERVICE PROVIDER

FrontLine Service is a nonprofit agency that operates the most comprehensive continuum of care for homeless people in Ohio, serving more than 20,000 adults and children each year. FrontLine has a strong existing internal electronic data collection and project management system to track outcomes. FrontLine’s primary intervention in the Partnering for Family Success Program is Critical Time Intervention (CTI), an evidence-based model for assisting vulnerable populations through major place-based transitions. FrontLine will link families to housing and will use CTI to provide emotional and practical support during the critical transition of leaving a homeless shelter to becoming stably housed. FrontLine will also provide age-appropriate and evidence-based trauma services that will strengthen healthy and secure caregiver-child relationships. By providing caregivers critical access to housing *before* they are reunited with their children, this program will help caregivers to more successfully receive mental health services, complete substance abuse counseling, access job interviews and will allow for an increased amount of child visitations with their caregivers in a safe and stable home. These factors will empower the County’s Division of Children and Family Services to grant reunification decisions to these families sooner and allow children to exit foster care earlier.

¹ The Partnering for Family Success Program includes a sixth year for project wind-up, meant to calculate the Success Payments once results have been validated by Case Western Reserve University.

² The fund allows Cuyahoga County to provide annual appropriations of \$1 million with a cap of \$5 million (therefore the fund decreases by \$1 million each year).

HOUSING PROVIDERS

The Cuyahoga Metropolitan Housing Authority (CMHA), Emerald Development & Economic Network, Inc. (EDEN), and Famicos Foundation (Famicos) are local housing providers that will provide public housing and/or voucher-based housing resources for the Program's families. In a landmark action, CMHA has created a high-priority public housing preference for caregivers enrolled in the Program. EDEN and Famicos have carved out annual housing for the Program out of variable annual vacancy spots.

REFERRAL PARTNERS

County's Office of Homelessness oversees the Norma Herr Women's Homeless Shelter, which will serve as a main referral source of caregivers for the Program.

The Domestic Violence & Child Advocacy Center is a domestic violence and child advocacy social service provider that provides housing shelter for female caregivers who experience domestic violence. It will serve as an additional referral source of caregivers for the Program.

County's Division of Children and Family Services will confirm that caregivers sourced from both homeless shelters have an active child welfare case that is eligible for the Program.

PROJECT MANAGER & FISCAL AGENT

Enterprise Community Partners, Inc. (Enterprise) is a national organization that creates and advocates for affordable homes in thriving communities linked to jobs, good schools, health care and transportation. Enterprise's generational goal is to end housing insecurity in the U.S. As the project manager and fiscal agent for the Partnering for Family Success Program, Enterprise will disburse upfront payments from the funders to FrontLine and for other project costs through Cuyahoga PFS, LLC, an affiliated entity. In this capacity, Enterprise will also disburse any success payments from Cuyahoga County to the funders. Enterprise will monitor whether the Partnering for Family Success Program runs according to the PFS contract and will work to resolve any issues that arise throughout the life of the project, leveraging its Cleveland-based staff and in-house national housing experts.

INDEPENDENT EVALUATOR

The Center on Urban Poverty and Community Development at the Jack, Joseph and Morton Mandel School of Applied Social Sciences, Case Western Reserve University (CWRU) is a leading research center that uses its integrated child welfare and homelessness data systems to help the County, FrontLine and Third Sector Capital Partners, Inc. identify the size, characteristics and potential cost savings associated with the Program's target families. Case Western Reserve will be responsible for implementing an independent rigorous evaluation to measure the impact of the Program over a five-year period. The Program will use a Randomized Controlled Trial, the gold standard of evaluation to track whether the combination of services implemented by FrontLine produced meaningful outcomes for these families and cost savings for the County. Case Western Reserve will also implement a process evaluation during the first two years to help assess and improve the Program's implementation success.

GOVERNMENT PAYOR

Cuyahoga County will make success payments if the independent evaluator, CWRU, determines that children enrolled in the Partnering for Family Success Program (the treatment group) have avoided more out-of-home placement days compared to children placed in a comparison group that is not served by FrontLine. The Project Manager will distribute any success payments from Cuyahoga County to the funders. At higher levels of success, some funders may receive a modest return for assuming the upfront funding risk. The County will make payments if, and only if, CWRU's evaluation proves the program can effect a reduction in foster care days spent by these children.

GOVERNMENT ADVISOR & TRANSACTION COORDINATOR

Third Sector Capital Partners, Inc. is a nonprofit advisory firm that builds the capacity of government, service providers and funders to develop and launch PFS projects nationwide. Since 2012, Third Sector has facilitated Cuyahoga County's exploration of PFS contracting, advised the implementation and ramp-up design, led the Program's contract construction and arranged upfront funding. Third Sector has supported capacity building within the County and community to develop future PFS projects. As an ongoing Project Advisor, Third Sector will support the Project Manager during Program implementation.

FUNDERS

A consortium of five funders have provided upfront funding of \$4 million for the program:

- **The Reinvestment Fund** will provide \$1,575,000 in senior loan funding at 5% interest.
- **The George Gund Foundation** will provide \$1,000,000 in subordinate loan funding at 2% interest for \$725,000 and at 0% interest for \$275,000.
- **Nonprofit Finance Fund** will provide \$325,000 in subordinate loan funding at 2% interest.
- **The Cleveland Foundation** will also provide subordinate loan funding at 2% interest.
- **Sisters of Charity Foundation of Cleveland** will provide two \$75,000 recoverable grants and will also provide subordinate loan funding at 2% interest.

DETERMINING SUCCESS PAYMENTS

Success payments will be made in the 6th year of the project. Payments will be based on the reduction in the combined number of out-of-home placement days for children in the treatment group versus the control group. Cuyahoga County will pay \$75 per reduced foster care day, which represents the current combined average cost of foster care and related placement services.

Payment Terms based on Reduced Out-of-Home Placement Days for 135 Families			
% Reduction in OHP Days	Gross Savings for Cuyahoga County	Success Payments Paid by Cuyahoga County	Net Savings for Cuyahoga County
50.0%	\$8,500,000	\$5,000,000	\$3,500,000
40.0%	\$6,800,000	\$5,000,000	\$1,800,000
30.0%	\$5,100,000	\$4,550,000	\$550,000
25.0%	\$4,250,000	\$4,125,000	\$130,000
20.0%	\$3,400,000	\$3,400,000	\$0
10.0%	\$1,700,000	\$1,700,000	\$0

The project's target impact is a 25% reduction in OHP days for the treated population. At this level of impact, all funders would be repaid their principal investment and base annual interest.

At higher levels of impact, subordinate funders will receive up to \$1 million in success fees paid through additional savings to the County. The George Gund Foundation intends to use these success fees to support future PFS projects. The Sisters of Charity Foundation of Cleveland will reinvest any repaid grant funding into FrontLine for capacity building.

LEGAL

Throughout the structuring and negotiation of the Program, FrontLine received pro bono counsel from Kutak Rock, LLP, Enterprise received pro bono counsel from Orrick, Herrington & Sutcliffe LLP, The George Gund Foundation received counsel from BakerHostetler, Nonprofit Finance Fund received pro bono counsel from Stroock & Stroock & Lavan LLP and The Reinvestment Fund receive pro bono counsel from Miles & Stockbridge PC.