The California Endowment has awarded $250,000 in grant funding to the National Council on Crime and Delinquency ("NCCD") and Third Sector Capital Partners ("Third Sector") to lay the groundwork for two innovative outcome-based human services programs to serve California communities. The grant funding provided to the partnership will be used to complete feasibility studies on the viability of utilizing Pay for Success ("PFS") programs to deliver social services in the areas of juvenile restorative justice and foster care. Unlike many traditional social service contracts, the PFS model is outcome-based, with payments to providers tied to the successful achievement of set program goals. PFS projects allow local governments to only pay for the achievement of positive outcomes, ensuring that payments are tied to true results. The prospective California programs would mark the first time in the U.S. that PFS contracting is utilized as a means for communities in California to provide restorative justice and foster care services. (For more information on PFS and the proposed service contracts, please see attached Fact Sheet).

“Successful social service programs improve lives and strengthen communities by making them healthier, safer places to call home. That is why The California Endowment is providing grant funding for NCCD and Third Sector to explore using Pay for Success to increase stability for children in foster care and to help at-risk youth in the juvenile justice system by investing in smart strategies that make us safer,” said Kathlyn Mead, Executive Vice-President and COO at the California Endowment. “Because Pay for Success is outcome-based, these programs will be required to achieve set goals that will ensure they are effectively delivering the assistance our young people need for a better chance at a healthier, more successful future. We also hope this innovative partnership will help pave the way for establishing additional Pay For Success programs to provide the social services that are critical for making health happen in California communities.”
“Pay for Success contracting is a tool with the potential to transform the way governments purchase social services by creating a new emphasis, and monetary value, on social outcomes,” said Caroline Whistler, Co-founder and Partner at Third Sector Capital Partners. “The California Endowment’s support will allow us to partner with NCCD, an expert in data analysis and evaluation, to explore this innovative methodology across the state. These projects will use government data and proven program designs to develop projects that build contracts around improving outcomes for at-risk populations. This collaboration is a unique opportunity to introduce and demonstrate a powerful tool for government innovation.”

“We are excited to be working with Third Sector Capital and The California Endowment on this innovative opportunity to make a positive difference in the lives of young people in California. We are grateful for The California Endowment’s leadership and for the expertise of Third Sector Capital as we embark together on this exploration of how Pay for Success might benefit social services. The collaboration creates a meaningful opportunity to make a powerful impact with some of our most at-risk youth and in some of our most disadvantaged communities,” said Alexander Busansky, President of NCCD.

About The California Endowment
The California Endowment, a private, statewide health foundation, was established in 1996 to expand access to affordable, quality health care for underserved individuals and communities, and to promote fundamental improvements in the health status of all Californians. Headquartered in downtown Los Angeles, The Endowment has regional offices in Sacramento, Oakland, Fresno and San Diego, with program staff working throughout the state. The Endowment challenges the conventional wisdom that medical settings and individual choices are solely responsible for people’s health. The Endowment believes that health happens in neighborhoods, schools, and with prevention. For more information, visit The California Endowment’s homepage at www.calendow.org.

About NCCD:
NCCD is a nonprofit, social justice research organization that improves outcomes for at-risk children, youth, adults, and families through research and policy innovation. We work to help protect children from abuse and neglect, to create safe and rehabilitative justice systems for youth and adults, and to address the needs of older adults and adults with disabilities. Within these systems we also study the unique concerns of LGBT individuals, girls, and overrepresented racial and ethnic groups. For more information, visit www.nccdglobal.org.

About Third Sector:
Third Sector, a nonprofit advisory firm, provides a range of Pay for Success (“PFS”) and Social Innovation Financing (“SIF”) specific services including landscape and feasibility analysis, deal construction, and financial arranging. As the nation’s leading practitioner in the emerging PFS and SIF fields, Third Sector has worked with numerous states, local governments and foundations to develop and execute PFS projects. Third Sector is currently in the final stages of structuring a juvenile justice PFS pilot with the Commonwealth of Massachusetts that is expected to be the largest PFS project to date and has won a $12 million grant from the U.S. Department of Labor. For more information, visit www.thirdsectorcap.org

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