



## 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 Cuyahoga County Division of Children and Family Services, encompassing the greater Cleveland area, is implementing the nation’s first county-level Pay for Success (PFS) project in partnership with FrontLine Service (FrontLine), 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, launched in January 2015 and delivers intensive 12-15 month treatment to 135 families over four years to reduce the length of stay in out-of-home foster care placement for children whose families are homeless and housing insecure.
- For children in Cuyahoga County 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 such caregivers are homeless or housing insecure and struggle with domestic violence, substance abuse and mental illness and are in need of critical services to address these issues in order to safely care for their children. As a result, children from these families—nearly two-thirds of whom are under the age of six—spend significantly longer periods 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.
- In partnership with the program’s housing partners, FrontLine links each caregiver to housing and delivers an evidence-based case management model 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 stable housing. In addition, CTI is paired with age-appropriate, evidence-based trauma services that 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:
  - **Child Welfare Provider:** Cuyahoga County Division of Children and Family Services
  - **Service Provider:** FrontLine Service
  - **Housing Providers:** The Cuyahoga Metropolitan Housing Authority (CMHA), Emerald Development and Economic Network, Inc. (EDEN) and Famicos Foundation (Famicos)
  - **Referral Partners:** Cleveland/Cuyahoga County Office of Homeless Services, The Domestic Violence & Child Advocacy Center (DVCAC) and the Cuyahoga County Division of Children and Family Services
  - **Project Manager & Fiscal Agent:** Enterprise Community Partners, Inc.
  - **Government Payer:** 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:** Jack, Joseph and Morton Mandel School of Applied Social Sciences at Case Western Reserve University
- Pay for Success (PFS) is a performance contracting model that drives government resources toward social programs that prove effective at achieving positive results for the people who need them most. PFS tracks the effectiveness of programs over time and requires governments to pay for those services only if and when they succeed in measurably improving the lives of people most in need.
  - PFS enables initiatives to tap private investments to cover the upfront costs of the programs. If the program is successful in improving the lives of the people it is meant to serve, then government makes success payments to the initiative that can be shared with those who made the original investment. If the program does not achieve its target results, the government does not make success payments. This model ensures that taxpayer dollars are being spent wisely, on programs that actually work.
  - Both private funders and philanthropic organizations are providing 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 project.
  - Cuyahoga County is the first county in the United States to establish a special fund for PFS; the Social Impact Financing Fund was approved by Cuyahoga County Council in July 2014.
  - The program began with a "ramp-up" period, which launched in July 2014 and was funded by a philanthropic grant from the Laura and John Arnold Foundation. During this time, FrontLine hired and trained key staff for project implementation and tested the referral processes with the Division of Children and Family Services and the Domestic Violence and Child Advocacy Center in a random assignment research design monitored by Case Western Reserve University as the independent evaluator.

## **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 links families to housing and uses CTI to provide emotional and practical support during the critical transition from homelessness to becoming stably housed. FrontLine also provides age-appropriate and evidence-based trauma services to strengthen healthy and secure caregiver-child relationships. By providing caregivers critical access to stable housing *before* they are reunited with their children, this program helps caregivers to more successfully receive mental health services, complete substance abuse counseling, access job interviews and allows for an increased amount of child visitations in a safe and stable home. These factors allow Cuyahoga County's Division of Children and Family Services to recommend reunification decisions to these families sooner and allow children to exit foster care earlier.

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

<sup>2</sup> The fund allows Cuyahoga County to provide annual appropriations of \$1 million with a cap of \$5 million

## **HOUSING PROVIDERS**

**The Cuyahoga Metropolitan Housing Authority, EDEN, and Famicos** provide public housing and/or voucher-based housing resources for the program's families. In a landmark action, CMHA created a high-priority public housing preference for caregivers enrolled in the program. Local housing providers EDEN and Famicos additionally reserve housing from variable annual vacancy spots for families in the program.

## **REFERRAL PARTNERS**

**Cleveland/Cuyahoga County Office of Homeless Services** oversees the Coordinated Entry system into the Homeless Shelter System. Caregivers who may be eligible for the program are identified and referred through the coordinated assessment process.

**The Domestic Violence & Child Advocacy Center** is a social service provider that provides housing shelter for female caregivers who experience domestic violence. It serves as an additional referral source of caregivers for the program.

**Cuyahoga County's Division of Children and Family Services** confirms 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 nonprofit 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 United States. As the project manager and fiscal agent for the Partnering for Family Success Program, Enterprise disburses upfront payments to FrontLine and other partners for project costs through the affiliated entity Cuyahoga PFS, LLC. In this capacity, Enterprise will also disburse any success payments from Cuyahoga County to the funders at the project's conclusion. Enterprise monitors whether the Partnering for Family Success Program is running according to the PFS contract and works 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. CWRU will be responsible for implementing an independent rigorous evaluation to measure the impact of the program over a four-year period. The program uses 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 University will also implement a process evaluation during the first two years to help assess and improve the program's implementation success.

## **GOVERNMENT PAYER**

**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.** leads governments, high-performing nonprofits, and private funders in building evidence-based initiatives that address society's most persistent challenges. As experts in innovative public-private financing strategies, Third Sector is an architect and builder of the nation's most promising PFS projects including the Commonwealth of Massachusetts; Cuyahoga County, Ohio; and Santa Clara County, California. A 501(c)(3) nonprofit based in Boston and San Francisco, Third Sector supports 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** provides \$1,575,000 in senior loan funding at 5% interest.
- **The George Gund Foundation** provides \$1,000,000 in subordinate loan funding at 2% interest for \$725,000 and at 0% interest for \$275,000.
- **Nonprofit Finance Fund** provides \$325,000 in subordinate loan funding at 2% interest.
- **The Cleveland Foundation** provides \$750,000 subordinate loan funding at 2% interest.
- **Sisters of Charity Foundation of Cleveland** provides two \$75,000 recoverable grants and subordinate loan funding at 2% interest.

## DETERMINING SUCCESS PAYMENTS

Success payments will be made in the first quarter of 2021, 21 quarters following the program's initial launch. 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.

<b>Payment Terms based on Reduced Out-of-Home Placement Days for 135 Families</b>			
<b>% Reduction in OHP Days</b>	<b>Gross Savings for Cuyahoga County</b>	<b>Success Payments Paid by Cuyahoga County</b>	<b>Net Savings for Cuyahoga County</b>
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
<b>25.0%</b>	<b>\$4,250,000</b>	<b>\$4,125,000</b>	<b>\$130,000</b>
20.0%	\$3,400,000	\$3,400,000	\$0
10.0%	\$1,700,000	\$1,700,000	\$0

**The program'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 received pro bono counsel from Miles & Stockbridge PC.