

FACT SHEET: SALT LAKE COUNTY PAY FOR SUCCESS INITIATIVE

Summary: The Salt Lake County Pay for Success (PFS) Initiative will address the complex and intertwined issues of homelessness and criminal justice reform. As a result of this \$11.5 million effort, more than 500 of the county's most vulnerable residents will receive highly targeted, innovative services never before available in Salt Lake County through two new programs.

Criminal Justice Program: The Criminal Justice program will serve over 225 high-risk, high-need criminal offenders over six years using First Step House's evidence-based REACH program. The REACH program will provide participants with tailored, evidence-based therapies, short-term housing support, and case management. These services will address criminogenic risks tied to recidivism, substance abuse, and mental health services. At the target impact level, the program will generate 26,800 fewer days in jail or prison and 225 fewer arrests. At this impact level, the County will make \$5.95 million in success payments.

Homelessness Program: The Homelessness program will serve 315 persistently homeless individuals using The Road Home's evidence-based Homes Not Jail program. The program will provide individuals with Rapid Rehousing services including move-in support, time-limited rental assistance, roommate matching for peer support and cost efficiency, and intensive case management for self-sufficiency and employment needs. At the target impact level, the program will generate 1,500 more stable housing months, defined as months without jail or shelter, and 250 graduations to permanent locations. At this impact level, the County will make \$5.55 million in success payments.

Background: In Salt Lake County many people face the revolving door of the criminal justice system. Analysis from recent cohorts reveals that 74% of high-risk offenders in Salt Lake County return to the criminal justice system within four years of their release and spend, on average, a year incarcerated during that time. Incarceration alone is not a solution. It is costly and the Salt Lake County jail already operates at full capacity. The problem is also worsening; over the past decade, Utah's prison population has grown by 18 percent.¹

The community also has a lack of viable interventions to help individuals who spend the vast majority of their time in emergency shelters. Despite the progress made by the County in housing the chronically homeless population and reducing chronic homelessness by 91% in the past decade, there are still large numbers of persistently homeless individuals – individuals in need of safe, stable, and affordable housing but not yet considered 'chronically homeless.'² The County's analysis reveals that nearly half of these individuals are booked into the County jail. Historical analysis has shown that 43% of this population became chronically homeless within two years. Permanent supportive housing, usually reserved for people who are chronically homeless, is a limited and costly solution, especially for individuals who with comprehensive but time-limited support can go on to self-sufficiency.

The Salt Lake County Pay for Success Initiative Includes:

- *Government Sponsor and Payor:* Salt Lake County, Utah
- *Service Providers:* First Step House & The Road Home
- *Independent Evaluator:* Utah Criminal Justice Center (UCJC) at the University of Utah
- *Project Manager:* Sorenson Impact Center
- *Financial Intermediary:* SLCO PFS 1, Inc.
- *Government Advisor & Transaction Coordinator:* Third Sector Capital Partners, Inc.

¹ Utah Commission on Criminal and Juvenile Justice; Justice Reinvestment Report; November 2014

² Utah Department of Workforce Services, "Comprehensive Report on Homelessness: State of Utah 2015," October 2015, <https://jobs.utah.gov/housing/scso/documents/homelessness2015.pdf>

- *Legal Counsel:* Dorsey & Whitney LLP
- *State of Utah and Salt Lake County Referral Partners:* Salt Lake County Sheriff's Office, State of Utah Adult Probation and Parole (AP&P) & State of Utah Homeless Management Information System (UHMIS)
- *Senior Funders:* Northern Trust, QBE Insurance Group Limited, Ally Bank, and Reinvestment Fund
- *Impact Funders:* Sorenson Impact Foundation, Living Cities, and James Lee Sorenson Family Foundation
- *Philanthropy:* Larry H. and Gail Miller Foundation, George S. and Dolores Doré Eccles Foundation, Ray and Tye Noorda Foundation, Synchrony Bank, Zions Bank, and Anonymous

Salt Lake County's efforts to investigate and develop PFS initiatives were supported by 14 institutions through the creation of a Development Fund, including local and national banks, philanthropies, and the federal government. Early support was provided by Salt Lake County, Nonprofit Finance Fund through the Pay for Success program of the Corporation for National and Community Service's Social Innovation Fund, Sorenson Impact Foundation, Living Cities, Zions Bank, Synchrony Bank, American Express, GE Capital, Morgan Stanley, Ally Bank, Mark and Kathie Miller Family Foundation, UBS Bank, J.P. Morgan, and Wells Fargo.

Pay for Success Contract Overview: Pay for Success is an innovative funding model that drives government resources toward social programs that best provide results to the people who need them most. Salt Lake County's two PFS projects will soon provide First Step House and The Road Home access to flexible funding to tackle critical social problems. Salt Lake County will repay private lenders if an evaluation demonstrates the programs' effectiveness in improving the lives of those served.

To implement a PFS project, Salt Lake County and project collaborators enter into a multi-year contract in which the government will make success payments if specific, agreed-upon, targeted outcomes are achieved. This unique arrangement delivers impact on multiple levels as it:

- Measurably improves the lives of people most in need. The PFS Contract is a six-year contract designed to scale preventative programs to address these complex issues.
- Develops a rigorous, outcomes-focused, and sustainable way to address social challenges. An independent evaluation, including a randomized control trial (RCT) will be performed on both projects by the Utah Criminal Justice Center at the University of Utah.
- Increases government accountability by directing resources to programs proven to work. Success in the criminal justice project will be based on four-year outcomes. Success in the homelessness project will be based on two-year outcomes.
- Supports scaling of evidence-based practices in the public and nonprofit sectors.

Criminal Justice Program Model Overview: The Criminal Justice project aims to improve outcomes for individuals with moderate to severe substance use disorders and a number of other co-occurring criminogenic characteristics by providing holistic support and treatment. First Step House's REACH program is an evidence-based program that provides coordinated services to address key components defined by its acronym: Recovery, Engagement, Assessment, Career, and Housing. Over five years, the program will serve more than 225 adult males who are being supervised by Utah Adult Probation and Parole. The REACH intervention includes:

- *Evidence-based model:* Extensive research on how to effectively treat individuals is at the core of REACH programming. The program will use the Risk-Need-Responsivity (RNR) model, a set of key principles developed to assess and rehabilitate offenders. This includes appropriate assessment of offenders' risk, matching treatment intensity to each individual's risk level, targeting their specific criminogenic needs, and providing appropriate treatment for each person's motivations and strengths.
- *Holistic treatment:* The program is a unique combination of the best treatment to address [criminogenic](#) risk factors. This holistic approach includes wraparound services targeted at certain non-criminogenic needs to help participants gain prosocial skills and reintegrate into the community. Treatment services are specialized based on the needs of the individual and include substance abuse disorder treatment, Moral

Reconciliation Therapy to address antisocial elements, family and leisure, employment and housing support, and case management. Each of these therapies is designed to help people successfully end criminal behaviors and re-enter society with new skills and abilities.

- *Long-term intervention design:* The REACH program is designed to be a two-year intervention. The first year will provide participants with intensive treatment services. If needed, First Step House will provide residential housing for participants during this phase. Participants are then gradually transitioned to sustained recovery treatment. Treatment will focus primarily on monthly services including helping participants with ongoing case-management, supporting individuals in maintaining connections with social and recovery networks, supporting participants in sustaining stable employment and housing, and addressing lapses.

Criminal Justice Outcomes and Success: The initiative measures four outcomes to determine success of the initiative. Target impact rates were determined by comparing the REACH program design to meta-studies on RNR and other evidence-based practices. At the impact rates displayed below, the County will reach the cap of \$5.95 million in success payments.³

Outcome	Metric	Impact Rate	Outcome Payment Rate
Reduction in days incarcerated	Accrued days incarcerated over 4 years	35% reduction	Average \$200 per day avoided
Reduction in statewide arrests	Accrued statewide arrests over 4 years	35% reduction	\$250 per arrest avoided
Improvement in quarters of employment	Accrued quarters over 2 years	25% improvement	\$450 per quarter
Successful program engagement	200 hours of treatment within 6 months of enrollment	66% achieve outcome	\$5,800 per successfully engaged participant

At the level of impact modeled above, all funders would be repaid their loan principal and base annual interest. First Step House, the lenders, and the project manager will share additional success fees. If the project exceeds the impact above, the County will continue to benefit from the program but would not pay any more success payments.

Homelessness Program Model Overview: The Homes Not Jail program aims to scale comprehensive Rapid Rehousing and wraparound supportive services in order to improve housing stability, reduce the number of days homeless individuals spend in the County jail, and improve their economic and behavioral health. The program will intervene at a critical time, moving individuals from homelessness to stability and self-sufficiency in housing instead of jails and shelters. Over six years, the program will serve 315 single adults above the age of 30 who do not qualify for other housing services in the County and have spent between 90 and 364 days in emergency shelters, in jail, or on the streets. The Homes Not Jail intervention includes:

- *Evidence-based framework:* The Homes Not Jail program was built on the evidence-based framework of the [Housing First model](#), which is designed to move persistently homeless individuals out of emergency shelter and into stable housing. The Homes Not Jail program has adopted several evidence-based

³ While the project may accrue additional success fees, the County will only make success payment up to \$5.95 million. The County and funders have agreed that the County will cap payments at \$5.95 million.

interventions. These include: Housing First, Harm Reduction, Motivational Interviewing, and Trauma-informed Care.

- *Individualized Rental Assistance Plans:* The program aims to address common barriers that individuals face when moving out of a shelter to permanent housing. These include: poor credit history, criminal records, lack of money for rental and utility deposits, mental or physical illness or addiction, and lack of steady income. Housing assistance, using the Rapid Rehousing model, will help find affordable housing and provide rental and move-in resources. Rental assistance will be provided using a progressive engagement model, with the average length of assistance estimated at 4.6 months.
- *Innovative wrap-around services:* To ensure success with this high-need population, the program will provide comprehensive wraparound services and implement promising innovative models. These include helping people find roommates, employment services, assistance with food security, assistance resolving outstanding warrants, “cleaning up” criminal records, and facilitating access to behavioral health services through interagency partnerships.

Homelessness Outcomes and Success: The initiative measures four outcomes to determine success. Target impact rates were determined by analyzing the historical performance of Rapid Rehousing programs at The Road Home and nationwide. At the impact rates displayed below, the County will reach the cap of \$5.55 million in success payments.⁴

Outcome	Metric	Impact Rate	Outcome Payment Rate
Improvement on months without jail or shelter	Accrued months over 2 years	30% improvement	Average \$3,500 per day avoided
Successful graduation to permanent locations	Graduations within 1 year of enrollment	80% achieve outcome	\$2,300 per graduation
Improvement in substance abuse treatment enrollments	Accrued enrollments over 2 years	100% improvement	\$5,000 per enrollment
Improvement in mental health treatment enrollments	Accrued enrollments over 2 years	100% improvement	\$5,000 per enrollment

At the level of impact modeled above, all funders would be repaid their loan principal and base annual interest. The Road Home, the lenders, and the project manager will share additional success fees. If the project exceeds the impact above, the County would receive more social benefit but not pay any more success payments.

⁴ While the project may accrue additional success fees, the County will only make success payment up to \$5.55 million. The County and funders have agreed that the County will cap payments at \$5.55 million.