



Outcomes Financing for Human Services

Leveraging private capital to achieve impact

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APHSA's Vision and Mission



Our Vision:

The Desired Future State

Thriving Communities
BUILT on Human Potential

Our Mission:


At the Core of Work

The American Public Human Services Association advances the well-being of all people by *influencing* modern approaches to sound policy, *building* the capacity of public agencies to enable healthy families and communities, and *connecting* leaders to accelerate learning and generate practical solutions together. ... *Because we build well-being from the ground up.*

Thriving Communities Built on Human Potential




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APHSA Collaborative Centers




Designed to Advance Our Value Proposition and Create Opportunities for Collective Leadership and Impact.

We are actively working to cultivate our Collaborative Centers as a single, unifying platform that connects all aspects of H/HS with related sectors, is rooted in our Organizational Effectiveness practice, accelerates Value Curve Progression, and creates a healthier ecosystem that fosters the outcomes we all desire.






Thriving Communities Built on Human Potential

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PRESENTERS




Andrea Phillips, Founder and Managing Partner, The Community Outcomes Fund

Andi Phillips has over 25 years of experience leading, designing and implementing large scale, public private partnerships that leverage private investment to address pressing social challenges. At Goldman Sachs, she launched and managed the Goldman Sachs Social Impact Fund and led signature social impact bond investments for the firm including the investment in the Rikers Island Social Impact Bond, the first such transaction ever executed by a financial institution and in the U.S. market. Ms. Phillips has been the principal investment professional, leading the investment for 4 of the 12 transactions done in the U.S. market, including transactions that financed recidivism reduction in Massachusetts and early childhood education in Utah and Chicago. Previously, Ms. Phillips was president of a Community Development Financing Institution ("CDFI"), Seedco Financial, which provided affordable capital to small businesses and nonprofits in disadvantaged communities. At Seedco, Andi also managed performance-based contracts in workforce development, totaling over \$100 million. Ms. Phillips holds a BA from Tufts University and a MPP from the Harvard Kennedy School of Government. Ms. Phillips lives in Brooklyn, NY with her husband and three sons.



Mark Attia, Senior Director of Special Finance and Government Performance Initiatives, Commonwealth of Massachusetts

Mark Attia serves as the Senior Director of Special Finance & Government Performance Initiatives at the Executive Office for Administration and Finance for the Commonwealth of Massachusetts. He is responsible for leading the Commonwealth's Social Innovation Financing initiatives, also known as Pay-for-Success or Social Impact Bonds, a series of unique public-private partnerships designed to scale results-driven social services with the goal of measurably improving outcomes for people most in need. Additionally, Mark is responsible for capital investment incentive programs intended to spur economic development and job growth in the Commonwealth through support for large-scale private real estate development projects with significant new public infrastructure requirements. Mark also serves on the Board of Directors of MassHousing and MassDevelopment, the state's housing and economic development finance agencies. He holds a dual Masters in Urban and Environmental Planning and International Business from the Fletcher School of Law & Diplomacy at Tufts University.



Kerry Desjardins, Policy Associate, APHSA Center for Employment and Economic Well-Being (CEEWB)

Kerry's work focuses on modernizing the "welfare-to-work" system and promoting access to gainful employment and economic opportunity for low-income people and marginalized populations. She supports the Center in all of its operations including policy analysis and advocacy, best practice research, fundraising, program development, project management, and strategic planning. Kerry also has policy experience in the areas of health care, homelessness, and child welfare.

Kerry was driven to policy advocacy after working in direct human services for several years. She has worked as a case manager in both the non-profit and public sectors, and has experience working with a wide variety of special populations including people with disabilities and chronic health conditions, immigrants, racial and ethnic minorities, and people experiencing homelessness. Kerry holds a Masters in Social Work from George Mason University.

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OUTCOMES FINANCING
The majority of public funding for human services is not linked to outcomes

\$800 billion

in annual federal, state and local government spending on human services programs
 is estimated by the White House Office of Social Innovation¹



“Less than one dollar out of every \$100 the federal government spends is backed by even the most basic evidence that money is being spent wisely”

– Peter Orszag, former Director of the U.S. Office of Management and Budget (2009-10) & Jim Nussle, former Director of the U.S. Office of Management and Budget (2007-09) and former Congressman, Co-authors of *Moneyball for Government*




¹ This includes federal, state and local government annual spending.

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OUTCOMES FINANCING
This approach enables government to dedicate resources where there is impact


Outcomes financing—often called social impact bonds or Pay For Success financing—has emerged as a new way for governments to leverage private capital for high-impact programs and fund only what works




GOVERNMENTS
 identify priority outcomes, how to measure them and only pay for meaningful outcomes



SERVICE PROVIDERS
 receive resources to expand programs and funding is aligned with community priorities

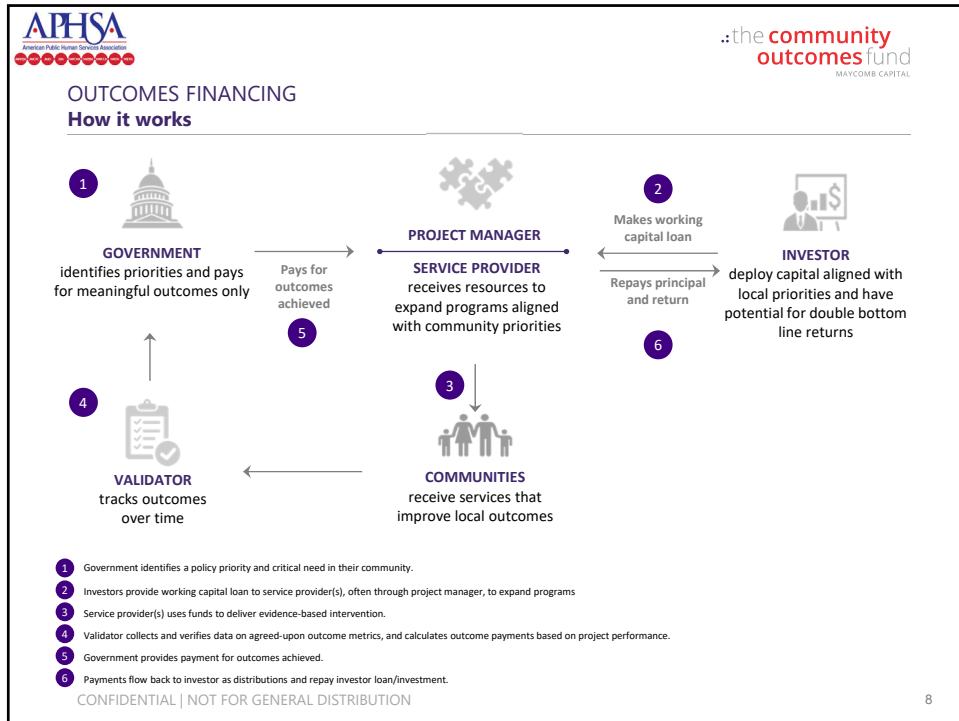


INVESTORS
 deploy capital aligned with local priorities and hold stakeholders accountable for results



COMMUNITIES
 target resources to disadvantaged populations and improve local outcomes

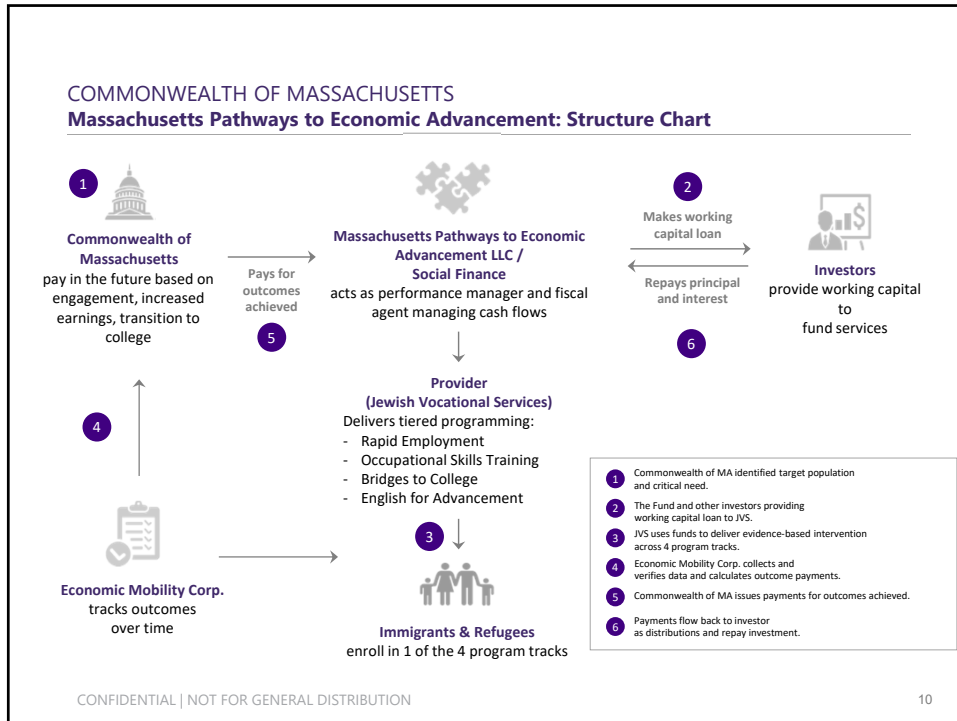
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COMMONWEALTH OF MASSACHUSETTS Massachusetts Pathways to Economic Advancement	
Challenge	Solution
<p>230,000 Adults in Greater Boston who are English-language learners and face significant barriers to employment.</p> <p>Limited-English speakers in Massachusetts earn ~\$24,000 less annually than immigrants who speak English fluently.</p>	<ul style="list-style-type: none"> ▪ \$12.43 million project to provide ~2,000 individuals with vocational English classes, occupational-skills training, and college transition programming. ▪ There are four program tracks that draw on Jewish Vocational Services (JVS) 20+ years experience integrating adult basic education, contextualized English, and preparation for job readiness or advancement: <ul style="list-style-type: none"> – Rapid Employment provides vocational English and job placement services to adults, primarily refugees, who are looking to secure a first job, immediately; – English for Advancement is a more intensive program for higher-level English speakers seeking employment or job advancement; – Skills Training facilitates job placement in the healthcare or hospitality sector; and – Bridges to College will support individuals with high school equivalency seeking to transition into higher education.
Outcome metrics	Impact
<ul style="list-style-type: none"> ▪ Increased annual earnings ▪ Successful transition to higher education ▪ Program engagement 	<ul style="list-style-type: none"> ▪ Provide the right services for a diverse population with evolving needs which will potentially help participants: <ul style="list-style-type: none"> – Improve their earnings; – Make successful transitions to higher education; and – Lead to increased economic opportunity for individuals and their families ▪ For the Commonwealth, it will equip Massachusetts residents with skills that employers are seeking and fuel the continued growth of the economy

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APPENDIX
Frequently asked questions

- 1 Does the government partner take on new debt?**
 The government entity does not take on debt to fund this project. The government enters into an outcomes-based contract with a service provider and pays the contract if and when outcomes are achieved and validated by the independent validator. The source of funds for the contract is determined by the government partner and can be anything from local discretionary funding to federal grants or pass through funding.
- 2 What happens if we do not achieve the outcomes?**
 In the real world of social services, sometimes your goals elude you. If all of the partners are engaged in delivering services as planned, yet the outcomes fall short of expectations, the government only pays for the outcomes that are achieved and investors may not be fully repaid. In other words, if the total combined outcomes payments are less than the outstanding balance of the loan, the investors will forgive the remainder of the loan.
- 3 Who owns the data used to evaluate the program?**
 The government entity that collects and holds administrative data continues to own it throughout the process (e.g., wage data, school attendance data, standardized test scores). Through a data-sharing agreement, the independent validator gains access to data, anonymized if necessary, only for purposes of validating the outcomes.

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Frequently asked questions (continued)

4 How do providers typically react to the proposition of outcomes-based contracts?

Outcomes-based contracts has several benefits for service providers:

- The outcomes-based contracts are multi-year with a clear charge, metrics, and outcomes that remain consistent over the course of the project throughout the contract period;
- While fee for service contracts often provide funding (explicitly or inexplicitly) for approximately 85% of program costs, outcomes-based contracts provide 100% of the funding to position service providers to succeed in meeting outcomes; and
- The emphasis on measurable results can build an organization's performance management capacity and enhance their ability to concretely report on their impact.

The risk for service providers is that a contract may be terminated if the program does not achieve the intended outcomes.

5 Why does Maycomb seek out local co-investment?

Maycomb Capital's intent is to collaborate with a local investor or lender(s) to cultivate more local support for the project. The local co-investor brings knowledge of the community and their needs. Typically, the local co-investor provides a smaller portion of the funding.

6 Why should investors earn a return?

By design, the investor(s) take on the risk of outcome achievement, as described above. As such, the government entity only spends taxpayer dollars if and when service recipients reach specific thresholds and impact indeed occurs. The potential for a return on the investment compensates for the risk investors assume.

7 Who are Maycomb's investors?

The Maycomb Community Outcomes Fund seeks to match private capital with local priorities and partner with public-sector entities to invest in services that produce measurable outcomes. Our investors are institutions, foundations, and family offices. The Ballmer Group, The Prudential Insurance Company of America, and the Kresge Foundation are three of the anchor investors.

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About Maycomb Capital

Maycomb Capital is a pioneering impact investing platform. We provide financing across asset classes to fund strategies and enterprises that transform communities.

At Maycomb, we know that the world's problems demand patience, creativity, and an appreciation for complexity. We drive capital toward effective solutions for underserved communities, using data and rigorous analysis to guide our decisions. We identify scalable and sustainable paths to positive change, tackling entrenched social and economic challenges. By harnessing the scale, expertise, and risk tolerance of the private sector in service of the public good, we're demonstrating what's possible with mission-focused, flexible capital.

Our approach is informed by deep expertise in finance, entrepreneurship, and social justice. Co-founders Andi Phillips and Liz Luckett, both experienced investment professionals with diverse backgrounds, joined forces to address market gaps in impact investing. The team's engaged approach leverages significant operational expertise and technical skills across sectors.

Our flagship funds transform underserved communities in two different - but complementary - ways:

- **The Community Outcomes Fund (TCOF)** provides outcomes (also known as pay-for-success) financing that match private capital with local priorities, realigning government programs with proven solutions to social challenges
- **The Social Entrepreneurs Fund (SEF)** makes early-stage equity investments in the most promising entrepreneurs, upending traditional business models to create sustainable change

We're named for Maycomb County, the setting of Harper Lee's classic novel *To Kill a Mockingbird*. Lee used Maycomb, a fictional district in Depression-era Alabama, as a backdrop for her universal story of the pursuit of justice. Her story sparked conversations about equity that still resonate today. Maycomb seeks to continue this dialogue, bringing innovative ideas to light through action.

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Outcomes financings launched in the U.S.

	Policy Area	Payor	Size	Investors
1	Recidivism	New York City	\$10M	Goldman Sachs Urban Investment Group, Bloomberg Philanthropies
2	Early childhood	United Way of Salt Lake, Salt Lake County, State of Utah	\$7M	Goldman Sachs Urban Investment Group, I.B. Pritzker
3	Workforce development	US Dept. of Labor and New York State	\$14M	40 individuals and foundations through Bank of America Merrill Lynch, Rockefeller Foundation, Robin Hood Foundation
4	Youth recidivism	Commonwealth of Massachusetts	\$18M	Goldman Sachs Social Impact Fund, Kresge Foundation, Living Cities, Arnold Foundation, New Profit, Boston Foundation, U.S. Dept. of Labor
5	Early childhood	Chicago Public Schools	\$17M	Goldman Sachs Social Impact Fund, Northern Trust, Pritzker Foundation
6	Housing and child welfare	Cuyahoga County, OH	\$4M	Reinvestment Fund, Gund Foundation, Nonprofit Finance Fund, Cleveland Foundation, Sisters of Charity Foundation of Cleveland
7	Homelessness	Commonwealth of Massachusetts	\$3.5M	Corporation for Supportive Housing, United Way of Massachusetts Bay and Merrimack Valley, Santander Bank
8	Chronic homelessness	County of Santa Clara, California	\$7M	The Reinvestment Fund, Corporation for Supportive Housing, Sobrato Family Foundation, California Endowment, Health Trust, James Irvine Foundation, Google.org, Abode Services, Arnold Foundation
9	Chronic homelessness	City and County of Denver	\$9M	Northern Trust, Ben and Lucy Isha Fund at Walton Foundation, Laura and John Arnold Foundation, Piton Foundation, Colorado Health Foundation, Denver Foundation, Living Cities Blended Catalyst Fund, Nonprofit Finance Fund
10	Child & maternal health	State of South Carolina	\$17M	Greenville County, SC First Steps, Arnold Foundation, S.C. DHHS, BlueCross BlueShield of S.C. Foundation, Duke Endowment, Boeing, private funders
11	Substance abuse and child welfare	State of Connecticut	\$11.2M	BNP Paribas, Doris Duke Charitable Foundation, QBE Insurance Group Limited, Laura and John Arnold Foundation, Reinvestment Fund, Nonprofit Finance Fund, private funders
12	Environmental	District of Columbia Water and Sewer Authority	\$25M	Goldman Sachs Social Impact Fund, Calvert Foundation
13	Homelessness	County of Santa Clara, California	\$11.2M	Nonprofit Finance Fund, The James Irvine Foundation, Step Up Silicon Valley, The Sobrato Family Foundation, The Health Trust, the California HealthCare Foundation
14	Recidivism	Salt Lake County	\$6.0M	James L. Sorenson, the Gail and Larry H. Miller Foundation, the Ray & Tye Noorda Foundation, the George S. and Dolores Doré Eccles Foundation, Synchrony Bank, Zions Bank, Ally Bank, Northern Trust, QBE Insurance Group Limited, Reinvestment Fund, Living Cities
15	Homelessness	Salt Lake County	\$5.6M	
16	Recidivism	State of Oklahoma	NA	George Kaiser Family Foundation
17	Homelessness	LA County	\$10M	UnitedHealthcare, Conrad N. Hilton Foundation
18	Recidivism	Ventura County, CA	\$2.6M	Reinvestment Fund, Nonprofit Finance Fund, Blue Shield of California Foundation, The Whitney Museum of American Art
19	Workforce development	U.S. Department of Veterans Affairs, Massachusetts	\$5.1M	BNP Paribas, Northern Trust, The Dakota Foundation, Deutsche Bank, Robin Hood Foundation
20	Economic mobility	State of Colorado (3 Projects)	\$8M	Northern Trust, Community First Foundation, Gary Community Investments, the Denver Foundation

Source: www.payforsuccess.org

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