

A Pay-for-Success Opportunity to Prove Outcomes with the Highest-Risk Young People

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Preventing recidivism among formerly incarcerated youth is a difficult challenge, but pay-for-success approaches like this one are beginning to show that supportive interventions can turn lives around and provide significant benefits to the youths' communities.

Several years ago, we at Roca asked ourselves a critical question: Are we really helping young people to change their lives? For almost three decades, Roca had been providing a range of services to help meet the needs of high-risk young people in Massachusetts, but the

risks those young people were facing required us to determine just how effective our programs had been to date. We realized that just creating a place for young people to belong or be engaged in activities was not enough and that we needed to get better if we genuinely wanted to achieve the organization's mission to move them out of harm's way and toward economic independence. In order to help our young people succeed, we had to study our own practices.

This was the moment of understanding that jump-started Roca's experience with the sophisticated funding mechanism known as "pay for success" (PFS). In January 2014, Roca signed one of the first PFS contracts in the country and the largest one to date: the Massachusetts Juvenile Justice Pay for Success Initiative. This unique financing tool provided Roca with an opportunity not only to demonstrate the efficacy of our work but also to bring attention to the high-risk young people we serve. The contract held the promise, for the first time in Roca's history, of bringing

attention to the fact that young people could change their behaviors and, with support, create better lives for themselves, their families, and their communities. It also provided Roca with an opportunity to demonstrate why public funders should support this work in a sustainable way.

A Journey Toward Impact

Our organization's journey toward a PFS initiative started many years back with a new approach to the important challenge of making and measuring impact. Roca's commitment to effective intervention led to a clear definition of the organization's theory of change, and, as a data-driven organization, Roca used research and data to gradually move toward our areas of greatest impact.

As a result of this process, Roca has focused its energy over the past 10 years on the highest-risk young people we serve, who are also among the most underserved members of our communities. This group is comprised of young men ages 17 to 24 years old who are involved with the criminal justice system and on track for future incarceration, have no employment history, and have low levels of educational attainment. Perhaps most importantly, Roca decided to focus on the young people who are not ready, willing, or able to participate in traditional programming or work. These are the young people who pose the greatest risk in our communities and with whom, over time, Roca has been able to demonstrate impact at the greatest level.

The PFS initiative has provided Roca with the perfect opportunity to expand this impact and convey its benefits to new funders. The PFS mechanism, also known as a social-impact bond, is an innovative structure for government, private-sector, and nonprofit partnerships. Instead of paying up front for programs, the government funds the program only after positive social outcomes are achieved, as determined by an external evaluator. Until success payments start, the program is financed by private funders who, if the chosen outcomes are achieved, eventually receive the success payments and see return on their investment in the program. If the program is successful, this is a "win-win-win" model that provides nonprofits, governments, and investors with the opportunity to achieve better outcomes.

The Massachusetts Juvenile Justice Pay for Success Initiative is a \$29.5 million partnership between Roca, the Commonwealth of Massachusetts, the intermediary Third Sector Capital Partners, and a host of private investors. Through the project, Massachusetts criminal justice agencies refer high-risk young men to Roca on a monthly basis, and an external evaluator measures Roca's success in reducing incarceration and increasing employment with these young men. The private funders cover 85 percent of Roca's costs and assume most of the financial risk up front; the Commonwealth will repay them only if projected incarceration-reduction outcomes are met. Roca and Third Sector Capital Partners invest in the project as well (covering the remaining 15 percent of the costs), thus putting "skin in the game."

The project relies on Roca's proven Intervention Model, which has demonstrated success with high-risk young men. Over the course of five years (2014–2019), more than 1,000 high-risk young men will be referred to Roca and engaged in the Intervention Model. Given

the high cost of incarceration (\$47,500 per year per person at the time the PFS deal was signed) and Roca's demonstrated success in reducing recidivism, the project's financial benefits for Massachusetts residents are expected to be substantial. At the project's target impact of reducing incarceration by 40 percent, the project would generate \$21.8 million in budgetary savings, and at a 65 percent reduction, the project would generate \$41.5 million in gross budgetary savings.

Roca's Intervention Model: A Clear Basis for Meaningful Changes

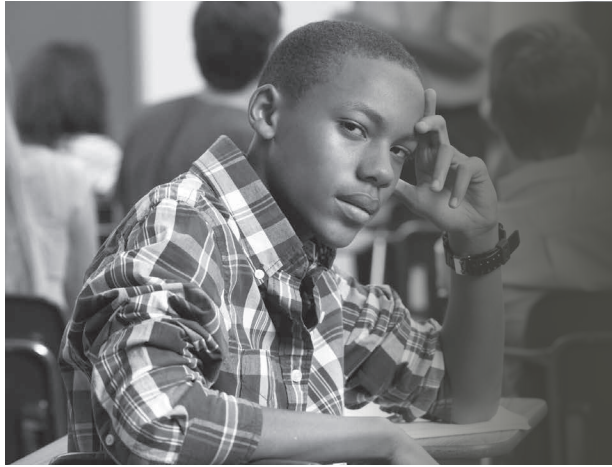
Young people with high risk factors are often living in precarious situations and face challenges just trying to participate in traditional programs for a short period of time, much less succeeding in such programs and experiencing positive outcomes. For the very high-risk young people Roca serves, this level of expected engagement and achievement is not possible, as recruitment, retention, and readiness problems hinder their involvement. In response to this, Roca created the Intervention Model, which is designed to help young people change their behaviors, stay out of prison, and secure and retain jobs.

Roca's Intervention Model engages high-risk young people for longer periods of time than most programs: up to two years of intensive services and an additional two years of follow-up support. The process of engaging high-risk youth in long-term services begins with intensive, repeated street outreach—Roca's most recognizable and well-known design innovation. Youth workers strive to have at least two to three intentional, face-to-face contacts per week with each youth on their caseload. Our relentless approach to outreach is designed to persistently recruit young people who are not yet ready, willing, and able to avail themselves of other community programming or services because they are simply not yet prepared to change. Then, through a long-term process of relationship building with Roca staff, behavioral health intervention, skill development, and employment opportunities, Roca's high-risk young people gain the social, emotional, and functional skills needed to become healthy, happy adults and productive members of their communities.

Roca's dynamic, trauma-informed cognitive behavioral therapy (CBT) curriculum is the primary behavioral health tool driving the Intervention Model. The CBT curriculum was customized specifically for high-risk young people who have experienced trauma, and it was designed in partnership with Massachusetts General Hospital's Community Psychiatry Program for Research in Implementation and Dissemination of Evidence-based Treatments (PRIDE). This innovative, low-threshold program is delivered by paraprofessional staff in short and frequent bursts of informal engagement, as well as in formal group settings like the traditional classroom. Customized in this way, the CBT foundation of Roca's model helps participants "think different to act different" while being highly responsive to the unique characteristics and needs of the high-risk young people Roca serves.

Learning from Pay for Success, Proving Impact

Roca has shown time and again that it can help high-risk young men create the behavior changes crucial to keeping them out of prison and engaged as members of our communities, and we now have



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begun to demonstrate this to a broader audience through our PFS initiative. While it is too early to see formal evaluation results, Roca's early internal data is demonstrating that the majority of young men we serve are staying out of prison, getting jobs, and learning to hold them over time.

Roca's PFS initiative builds upon our data-driven nature and allows Roca to provide services to communities across the Commonwealth. In addition, it is a unique chance for our organization itself to grow, develop, and learn new lessons about how to effectively serve high-risk youth. We learned important lessons from opening two new sites, in Boston and Lynn—an opportunity that became possible thanks to the PFS investment. These sites allow us to expand our reach and better serve our participants. At our Boston site, for example, we have learned how to better manage gang dynamics and other issues at play in the community. We have also learned how to develop portable programming that we can bring to young people in their homes and communities in an effort to maximize their safety while still ensuring that they are given the skills and tools they need to change their lives.

The PFS initiative also taught Roca many lessons at our Chelsea and Springfield sites, which were fully operational before the initiative started. Using preliminary program outcomes, we have made programmatic adjustments, better focusing how we deliver employment services and provide services to young people with severe substance-abuse challenges. These adjustments include providing specialized staff trainings, studying our practices around job placements and retention, and regularly looking at the referral process to ensure that Roca continues to focus on those at the highest risk.

While Roca has been subject to rigorous studies and has conducted detailed data tracking for over a decade, the PFS initiative provides us with the opportunity to take our evaluation to the next level. Roca is being evaluated through a randomized controlled trial (RCT)—the gold standard for demonstrating program impact—throughout the project and is conducting further in-depth analysis of its Intervention Model.¹ These advanced levels of evaluation and research will allow us to prove what we have known all along: that all young people can change when given the right tools and support. As we continue the PFS project and study its impact,

we are hopeful that this will be a powerful demonstration that offering the highest-risk young people the opportunity to change benefits us all.

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Endnotes

¹ In social-science evaluations, RCTs often face attrition or lack of participation among the group originally selected at random for the program. In the case of the Massachusetts Juvenile Justice Pay for Success Initiative, participants are selected at random but may choose not to participate in the program. The Urban Institute explains how these trials remain randomized even if selected participants decide not to follow through with the program: "When designing an RCT, the researcher must decide whether to estimate the intent to treat (ITT), the treatment on the treated (TOT), or both. The ITT estimates the average effect of *offering* the treatment on outcomes, or the effect on everyone who was offered the treatment, whether or not they received it. The TOT estimates the average effect of the *actual* treatment on outcomes, or the effect only on those who received the full treatment. In some cases where program participation is voluntary, the ITT may be the more policy-relevant effect. In others, researchers may be interested in understanding the effect of the intervention on everyone in the population." – "Experiments," Urban Institute, accessed January 18, 2017, <http://www.urban.org/research/data-methods/data-analysis/quantitative-data-analysis/impact-analysis/experiments>.) The Massachusetts Juvenile Justice Pay for Success Project uses an ITT methodology.

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