Assessing Criminal Justice Programs for Pay for Success Financing

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Criminal Justice and Pay for Success

Pay for success (PFS) is an innovative way to fund evidence-based programs designed to improve lives. Investors provide the up-front capital to fund a program, and agencies repay the investor only if an independent evaluation shows that previously agreed-upon outcomes have been achieved.

This model fits best with programs that are unlikely to be implemented through traditional government decisionmaking and procurement. This includes barriers to entry like high up-front costs, programmatic risks, or political risks. PFS reduces political risk and shifts the financial risk of service procurement from public agencies to private investors.

The pay for success—criminal justice (PFS-CJ) assessment tool is a concise scoring rubric with criminal justice–relevant examples designed to help PFS planners assess a program’s suitability for PFS and identify specific elements of the program that need to improve to become PFS ready. The scored elements are informed by the lessons learned from the first generation of criminal justice PFS projects in the United States and expand on the broader PFS assessment tool published by Urban in 2016.¹

PFS has been employed in the US criminal justice space since the model’s earliest application in 2012, when the New York City ABLE Project sought to reduce youth recidivism through jail-based cognitive behavioral therapy (CBT). The number of criminal justice–related PFS projects has expanded since then to encompass a range of intervention types, target populations, and jurisdictions.

A scan of prominent PFS technical assistance and funder websites yielded approximately 50 relevant projects in various stages of development as of May 2017.² At the time of this writing, more than half of these projects appeared to be in the early development or feasibility phase, with just under one-third having proceeded to implementation and evaluation. A majority of projects targeted adults,
and almost all had a reentry focus. Projects supporting youth also included reentry interventions along with several front-end diversion efforts. Roughly two-in-five projects centered around a housing component (including supportive and transitional housing), and just under one-in-five focused on employment-related services. A smaller number of projects are seeking to provide substance abuse, family strengthening, and wraparound services by using PFS approaches.³

Using the PFS-CJ Tool

The PFS-CJ tool is most valuable when one or more specific programs are being considered for PFS financing. Most of the elements in this tool are relevant to a specific program and how that program aligns with the problem stakeholders are trying to address and the people most affected by this problem.

Several pieces of information are helpful to articulate before using the PFS-CJ tool:

- What is the specific problem you are focused on?
- What is the proposed intervention that could address it?
- What evidence exists that this program works, and how strong are the methods that created that evidence?
- Is there a theory of change for how the program is expected to improve outcomes?
- Who and how many people will the program seek to serve?
- Where will the project be implemented, and what is the data landscape in that jurisdiction?
- What are the estimated program costs and possible funding alternatives beyond PFS?
- What state and local agencies could incur costs or acquire benefits from the proposed intervention?

Even high-quality programs—those with rigorous evidence of efficacy—may not be suitable for PFS, depending on the preferences of the sponsoring government. For instance, programs that produce improved outcomes but take too long to attain those results or do not generate cashable savings may not be viable for PFS, even though they are likely to meet their goals. The programs most suitable for PFS:

- have a well-defined problem that is not achieving optimal outcomes;
- have a well-defined target population (e.g., people, families, or places);
- have definable outcomes and costs;
- have an evidence-based intervention demonstrated to achieve its goals in reducing the problem when implemented with fidelity;
will be evaluable using a rigorous empirical research design, with enough people in the target population to meet the required sample size of a rigorous evaluation;

- have accessible data that allow for tracking progress and a sound evaluation;

- will be about two to five years in duration;

- show that PFS is a viable financing option, with (a) costs and benefits spread across multiple agencies or geographies, making traditional funding options more challenging, (b) high up-front costs that further deter traditional funding, and (c) a determination that no more efficient funding options are available; and

- have safeguards to protect the program population in case the project fails.

The PFS-CJ Assessment Tool

The PFS-CJ assessment tool contains two sections. The first section covers the seven required elements that are essential for the rigorous outcome measurement and evaluation that allow for PFS payment structuring: evidence base, program–problem alignment, program–target population alignment, measurable outcomes, data availability, a reasonable duration, and treatment safeguards (table 1). Selecting zero for one of these seven elements means the program is not ready for PFS, because even a single zero score indicates initiating a PFS agreement would likely be impossible.

The second section lists six supportive elements that strengthen a PFS project but are more flexible in how and if they are achieved (table 2).

Section one should be completed before second two, and the sections should be scored separately. Most items are scored using a three-point scale from one to two, with a zero indicating that the program does not meet the criterion, a one indicating that some action may be required before PFS implementation, and a two indicating that the program is strong with respect to that criterion.
### TABLE 1

**Seven Required Elements for PFS**

<table>
<thead>
<tr>
<th>Key Criterion</th>
<th>Question</th>
<th>Scoring Guide</th>
</tr>
</thead>
</table>
| Evidence base         | Does the proposed PFS program have a strong evidence base that indicates it can achieve the performance goals?¹ | 2 – Yes, there is a strong evidence base, characterized as effective on a relevant database. There is evidence that the program can achieve improved outcomes.  
1 – Yes, there is a promising evidence base that provides some support for the idea that this program is effective.  
0 – There is no evidence base of peer-reviewed research for this intervention. |

**Explanation:** Using PFS to support only programs with a strong evidence base preserves the integrity of the PFS model by ensuring that investor capital is only directed toward programs that can reasonably be expected to attain the agreed-upon performance goals. A strong evidence base increases transparency, reduces uncertainty, and will likely increase investor interest and decrease the required payout. It also provides a foundation to determine the payout thresholds based on the observed effect sizes of the intervention.

CrimeSolutions.gov and the What Works in Reentry Clearinghouse use two standardized rating systems to evaluate the strength of existing evidence for program effectiveness. These resources are good starting points to learn about evidence for a particular program or about interventions that already have a strong evidence base.

If you selected 0, identify an alternative program that addresses the problem area with evidence of success. If an alternative program cannot be identified, ensure that all parties to the PFS transaction understand and agree to the increased risk of pairing this financing tool with an untested intervention.

| Program-problem alignment | Does the proposed PFS program target a clear, defined problem that was identified through a strategic review of local issues? | 2 – Yes, there is a clearly defined problem that can be addressed per the program logic model or theory of change. This problem was identified though a thorough review of local needs.  
1 – Yes, but the program's impact on the problem is indirect or secondary, addressing a precursor or related activity (e.g., providing supportive housing to reduce jail bed days by increasing housing stability).  
0 – No, the problem is not clearly defined. |

**Explanation:** A PFS program should target a specific problem that is well-defined and measurable and leads to a logical outcome based on the proposed activities. For example, a jurisdiction may recognize high unemployment among people returning from incarceration, but if the proposed program does not have a history of improving employment outcomes, or if the link between the program activities and the ability to become employed is weak, then there is poor alignment between the program and this particular problem.

If you selected 1, try to find an alternative program that acts directly on the target problem. If an alternative program is not available, clarify the primary target of the intervention and document the theory of change that connects this primary program target with the desired secondary effect. In the above supportive housing example, the primary target may be housing stability, which can in turn affect recidivism.

If you selected 0, it is recommended that you do not proceed until the problem can be defined.

| Program-target population alignment | Does the proposed PFS program target a specific population or place that is not achieving optimal outcomes? | 2 – Yes, there is a clear target population defined by specific observable criteria that the proposed program would serve. This population is a reasonable size (based on the scale of the problem, program capacity, and evaluability).  
1 – Yes, there is a target population, but the ability to locate that population is limited by local data systems. The size of this group was determined with an arbitrary cutoff point.  
0 – No, there is not a well-defined target population for intervention. |
**Explaination:** PFS programs should seek to focus their services on the people or places that consume a disproportionate amount of relevant public resources; this practice allows programs to target resources where they are likely to have the greatest impact. Programs should use existing data (likely from administrative databases of agencies such as departments of corrections or local Medicaid authorities) to objectively define their target population, including both treatment and comparison groups. Target populations may be defined at the individual level, family level, or even geographically (e.g., by neighborhood or street segment) if there are data available at that level.

Select 1 if you can define the target population but are unsure if you can identify and enroll people who meet the criteria.

If you selected 0, it is recommended that you work with an evaluator to identify and apply criteria for a target population.

<table>
<thead>
<tr>
<th>Measurable outcomes</th>
<th>Does the PFS program have clear and agreed-upon outcomes?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 – Yes, the PFS program has clear outcomes that are directly measurable for both the people receiving services and a comparison group.</td>
<td></td>
</tr>
<tr>
<td>1 – Yes, the PFS program has clear outcomes, but those outcomes are not directly measurable using available data. Repayment decisions will be made based on proxy outcomes that are more easily observed.</td>
<td></td>
</tr>
<tr>
<td>0 – No, PFS program outcomes are unclear or unspecified.</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation:** Measurable outcomes are essential for PFS financing in two ways. First, they determine if the program is successful, which in turn determines whether and how much the government repays investors. Second, measurable outcomes enable the PFS program evaluation to build existing knowledge about program effectiveness, contributing value for the field even if the program does not meet its agreed-upon goals. For criminal justice–related projects, this may include indicators such as recidivism rates and criminal justice system usage (e.g., jail bed days), as well as indicators relevant to other interested agencies (e.g., emergency room use). Determining acceptable outcomes and how they will be measured has been a notable challenge in previous PFS programs, requiring significant time and professional evaluation expertise.

If you selected 1, work to identify and address barriers to directly measuring the primary outcome (e.g., collecting data in a new way, integrating data systems). If using proxy outcomes is necessary, document how the proxies relate to the main outcome and ensure that all parties agree to the increased risk of uncertainty.

If you selected 0, it is recommended that you do not proceed until measurable outcomes are identified.

<table>
<thead>
<tr>
<th>Data availability</th>
<th>Can appropriate and complete data for the PFS program be collected?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 – Yes, data for the program are either already collected in a format suitable for analysis, or sufficient resources are available to collect them.</td>
<td></td>
</tr>
<tr>
<td>1 – Yes, data for the program can be collected, but only if improvements are made to existing technological and/or human resources.</td>
<td></td>
</tr>
<tr>
<td>0 – Data are not currently collected, and the proposed PFS program does not have sufficient resources to support collection.</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation:** Determining if the PFS program has met its outcomes requires the availability of analyzable data. If one of the program partners does not already routinely collect relevant data on the target population and program outcomes in an analyzable format, it will be necessary to ensure the PFS program has sufficient resources to support such data collection and that these efforts are underway before the first program participant is served. Data about the comparison group also must be available and accessible throughout the life of the PFS program and evaluation period.

If you selected 1, consider whether the PFS investment itself could be used to pay for data system improvements. If not, look for alternative ways to fund desired upgrades.

If you selected 0, it is recommended that you do not proceed until data system and capacity improvements are made.

<table>
<thead>
<tr>
<th>Reasonable duration</th>
<th>Is the PFS transaction funding an intervention with outcomes that will be realized in a reasonably proximate time frame?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 – Yes, the PFS mechanism is supporting a short-term (2–5 years) program.</td>
<td></td>
</tr>
<tr>
<td>1 – Yes, the PFS mechanism is supporting a medium-term (6–8 years) program.</td>
<td></td>
</tr>
<tr>
<td>0 – No, PFS is used to support programming over 9 years or more or is intended to provide permanent program funding.</td>
<td></td>
</tr>
</tbody>
</table>
Explanation: A PFS transaction is less likely to attract investor interest (or may require much larger profit margins) if the benefits and cost savings are realized too far in the future, or in some cases if the repayment schedule extends into the next relevant political cycle (e.g., at the city or state level). Although PFS funding has an advantage over business-as-usual financing in that it can support interventions with longer-term outcomes, it should be prioritized for programs with a short- to mid-range payout over programs with more distant benefits.

If you selected 1 or 0, work with local stakeholders and researchers to determine if there are any short-term proxy outcomes that would be acceptable to both investors and end payers.

| Treatment safeguards | Does the program provide a supplemental service rather than an essential service? | 2 – Yes, the program provides a supplemental service that is not currently provided or not provided to scale.  
1 – Yes, but the program significantly changes, but does not replace, an established essential service.  
0 – No, the program provides an essential government service. |
|----------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|

Explanation: Essential government services that meet vital needs (e.g., elementary schools, emergency health care and response) are inappropriate for PFS. One risk of the PFS model is that if it becomes apparent a PFS program will not reach its goal, it is likely that the program will not continue, and there is no guarantee that an alternative will take its place. Additionally, if failure is likely, there is significant incentive for one or more PFS partners to abandon their contract, leaving program clients without service. Thus, PFS programs are suitable for supplemental services but inappropriate for funding essential services if service termination presents an unacceptable risk to the population.

Even for a program that provides nonessential services, PFS stakeholders should build in safeguards for project participants. For example, if a project is facing early termination, resources should remain to assist those currently enrolled and to help them transition to other support services.

If you selected 0, it is recommended that you do not proceed with a PFS transaction.

| SCORE | Sum of scores from each of the table 1 criteria. | Explanation: 0–7: Weak support for PFS; it is recommended that you do not proceed.  
8–10: Moderate support for PFS; proceed to the supportive elements sections and try to address any 1s.  
11–14: Strong support for PFS; proceed to supportive elements. |
|-------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|

The second section of the PFS-CJ tool lists six elements that support and strengthen a PFS project but are less critical than the seven required elements described in table 1. A program might be weak in some areas and still proceed with PFS. However, seeking ways to strengthen any areas in which a project receives a zero or one score will increase the program’s chances of successful implementation.
**TABLE 2**

Supportive Elements for PFS

<table>
<thead>
<tr>
<th>Key Criterion</th>
<th>Question</th>
<th>Scoring Guide</th>
</tr>
</thead>
</table>
| Population size     | Can you accurately estimate the number of people who fit the program criteria and estimate rates of enrollment and program uptake? | 2 – Yes, the community can accurately estimate the number of people who meet the target population criteria. The criteria drive the estimate. The size and expected enrollment are sufficient to support a rigorous evaluation.  
1 – Yes, the community can estimate the number of program participants, but that number has been defined with an arbitrary cutoff.  
0 – No, we cannot estimate the number of people in the community who would qualify for and likely enroll in the program. |

*Explanation:* A rigorous evaluation demands a sufficiently large sample size to determine statistical difference. If the program has previous evaluations that report effect size, a research partner will be able to conduct a power analysis to determine the minimum number of people required to be served (in the treatment group) to detect an effect.

Ideally, the criteria drive the population size instead of an arbitrary cutoff point (e.g., the top 300, the top 500, and so forth). These types of cutoffs may hide a lack of substantive difference between the 300th person on a list and the 301st person and may obscure actual substantive differences that may exist among people captured in the same cohort (e.g., the needs of the top 10 differ from the needs of the top 20).

| Evaluation method | Will the PFS outcomes be rigorously measured with sound research methods? | 2 – Yes, the PFS program will be evaluated using a randomized controlled trial (RCT) design with a sufficiently large sample size.  
1 – No, the PFS program will be evaluated using a quasi-experimental design with a comparison between two or more groups, controlling for differences between units or by using a historical baseline approach.  
0 – No, the PFS will be evaluated through methods other than an RCT or a comparison between multiple groups, or the sample size is insufficiently large to determine statistical difference. |

*Explanation:* RCTs, in which potential clients are randomly assigned to either a treatment (receive program services) or control (do not receive services) group are considered the gold standard of social sciences research and the preferred evaluation method. Governments are encouraged to identify a research partner to help design an appropriate RCT. If an RCT is not possible, a statistically comparable comparison cohort is required, and those leading PFS efforts should document and communicate the limitations of quasi-experimental approaches to all PFS transaction partners (Sherman et al. 1998).

If you selected 0, it is recommended that all PFS planners and parties to the transaction discuss the limitations of the proposed evaluation approach, both regarding the ability to detect changes in outcomes and the validity of claiming that those observed changes were the results of the PFS-funded program.

| Definable costs | Are there clear costs associated with the issue the PFS program is intended to address? | 2 – Yes, the costs associated with both business-as-usual and program operation are clear or readily definable.  
1 – No, the costs associated with business-as-usual and/or program operation are not clear, but resources exist to generate these cost estimates prior to PFS launch.  
0 – No, the costs associated with business-as-usual operation or program operation are vague or contentious. |

*Explanation:* To price a PFS transaction, the program must present clear, definable costs to the jurisdiction. Often these costs are associated with public services use that the program may be able to reduce, such as police time and resources, homeless shelter stays, or daily cost per person of incarceration in jail or prison. Importantly, the costs of both the current state (e.g., services currently used by the target population) and the proposed program effects must be clear. Without known costs, the government cannot determine the value of the services to be provided, or the return on investment, or the appropriate payout to investors.
Although jurisdictions should seek to assess their own local costs, the cost benefit calculator\(^5\) of the Washington State Institute of Public Policy (WSIPP) provides a helpful resource for beginning to estimate the financial impacts of proposed criminal justice–related interventions.

**Focus on prevention**  
Is the PFS program focused on prevention rather than intervention, tertiary services, or business-as-usual operations?  

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Yes, the PFS program focuses on preventing negative outcomes in the future (e.g., youth entering the adult justice system, recidivism) from occurring.</td>
</tr>
<tr>
<td>1</td>
<td>Yes, but the program may reduce the extent or severity of negative outcomes rather than preventing them from occurring in the first place.</td>
</tr>
<tr>
<td>0</td>
<td>No, the PFS program focuses on business as usual and/or the remediation of existing negative outcomes.</td>
</tr>
</tbody>
</table>

**Explanation:** PFS is intended to pay for programs and services that prevent negative outcomes for which there are currently insufficient resources. Prevention efforts are often difficult to fund through traditional funding mechanisms, as jurisdictions are forced to use their resources to react to existing problems, but they have high potential to reduce future spending. Additionally, PFS transactions are designed to measure impact over multiple years.

**Addresses the “wrong pockets” problem\(^6\)**  
Are PFS program costs and benefits distributed across a variety of agencies?  

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes, program costs and savings are distributed across different or disparate government agencies.</td>
</tr>
<tr>
<td>0</td>
<td>No, components and savings are concentrated in a single agency. Funding is available from traditional sources, or it is unknown where expected costs and benefits will accrue.</td>
</tr>
</tbody>
</table>

**Explanation:** Interventions can be difficult to fund through traditional means when costs and savings are spread across multiple agencies. No single agency may be willing to take the lead on funding a program, and it can be difficult to reach agreement on cost sharing. The ability to capture savings and centralize funding responsibilities that would otherwise be distributed across a broad array of government agencies makes PFS a uniquely attractive public financing tool. Solving the wrong pockets problem is not a strict requirement for launching a successful PFS deal, but it is one of the barriers to traditional service provision that this model can remove. If such a problem is identified in your jurisdiction, seek to engage stakeholders from each agency in the PFS planning phase.

**Prohibitive upfront costs**  
Does the need for large initial investment present barriers to entry?  

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes, there are high upfront costs that could not be met with available agency resources or that could be met only with significant difficulty.</td>
</tr>
<tr>
<td>0</td>
<td>No, upfront costs are modest.</td>
</tr>
</tbody>
</table>

**Explanation:** A benefit of PFS programming is that it provides capital to support programs with significant upfront costs that an agency might not otherwise be able to meet, even if, once these costs are met, the government could support program upkeep. If these barriers to entry are not present, then alternative simple financing mechanisms are likely available.

**SCORE**  
Sum of scores from each of the table 2 criteria

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–5</td>
<td>Weak support for program’s suitability for PFS; try to address any 0s and 1s before proceeding.</td>
</tr>
<tr>
<td>6–8</td>
<td>Moderate support for PFS; try to address any 0s or 1s.</td>
</tr>
<tr>
<td>9–10</td>
<td>Strong support for PFS.</td>
</tr>
</tbody>
</table>
Using PFS-CJ Tool Results

The PFS-CJ tool is designed to help assess a program’s readiness for PFS across multiple areas and identify specific areas that may need additional work. Apart from the required elements (for which a zero on any item indicates a program is not PFS ready), there is no cutoff point at which a program is considered PFS ready. For example, a program that scored twos on all domains but was unable to define a target population may find it extremely difficult to proceed; conversely, a program that scores many ones may have the potential to improve readiness and overcome these challenges.

PFS-CJ Tool Examples

Below we offer two examples of how the PFS-CJ tool can be used to evaluate the suitability of programs for PFS financing, drawing on existing types of interventions that are common in the criminal justice space. Each example presents a brief vignette of a hypothetical program and then describes how stakeholders interested in PFS financing might complete the tool. A different example program is used for the first and second sections of the tool (tables 3 and 4, respectively) to illustrate considerations for a range of program types.

EXAMPLE 1: REQUIRED ELEMENTS—COGNITIVE BEHAVIORAL THERAPY
County A would like to implement a two-phase CBT program, with group programming before release from incarceration and outpatient therapy as well as case management after release. The primary goal is to help reduce recidivism among medium- to high-risk young men. Additionally, the program will seek to improve positive outcomes such as employment, GED completion, and engagement with behavioral health services. County A has a large population, strong data capacity, and a history of sharing data among public agencies.
### Example 1: Required Elements for County A’s CBT Program

<table>
<thead>
<tr>
<th>Key Criterion</th>
<th>Question</th>
<th>Scoring Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evidence base</strong></td>
<td>Does the proposed PFS program have a strong evidence base that indicates it can achieve program performance goals?</td>
<td><strong>Score – 1</strong>  A review of CrimeSolutions.gov and the What Works in Reentry Clearinghouse shows that CBT interventions have a promising evidence base for reducing recidivism among medium- to high-risk adults, with mixed evidence for other outcomes. The program has potential for success, but partners should communicate with stakeholders that there is increased uncertainty and examine programs evaluated as successful to assess what implementation considerations may increase chances of success.</td>
</tr>
<tr>
<td><strong>Program-problem alignment</strong></td>
<td>Does the proposed PFS program target a clear, defined problem that was identified through a strategic review of local issues?</td>
<td><strong>Score – 2</strong>  There is a clearly defined problem that the program logic model directly seeks to address. For example, CBT generally addresses an individual’s “self-justifying thinking that misreads situations ... and displaces blame leading the person to react rather than a more rational, measured response” (Lipsey et al. 2007). One component of CBT may include exercises designed to challenge “ego-centric” behaviors (Ross and Fabiano 1985) or techniques to think and consider the consequences of potential responses, which leads to better decisionmaking during high-risk situations and increased prosocial behavior. This problem was identified as worthy of prioritizing by County A and that assertion was supported by analysis of local data.</td>
</tr>
<tr>
<td><strong>Program-target population alignment</strong></td>
<td>Does the proposed PFS program target a specific population or place that is not achieving optimal outcomes?</td>
<td><strong>Score – 1</strong>  The program has a clear target population (medium- to high-risk young men), yet there are some concerns about how best to ensure that potential participants are properly screened for risk and consistently offered access to the program while still in custody across several county correctional institutions.</td>
</tr>
<tr>
<td><strong>Measurable outcomes</strong></td>
<td>Does the PFS program have clear and agreed-upon outcomes?</td>
<td><strong>Score – 2</strong>  The primary outcomes of recidivism and reoffending (such as rearrest and reincarceration) are all clear and measurable using existing court, police, and corrections data systems.</td>
</tr>
<tr>
<td><strong>Data availability</strong></td>
<td>Can appropriate and complete data for the PFS program be collected?</td>
<td><strong>Score – 1</strong>  County A routinely collects several indicators for the primary outcome of recidivism, including rearrests, parole violations, convictions, and new charges, in their local database. These indicators also can be easily examined by crime type to calculate violent reoffending. The secondary outcomes of employment, GED completion, and engagement with behavioral health services are collected and measurable but are not yet in an easily analyzable format. PFS leadership will need to work with program staff and/or the local parole agency to begin collecting these data in a more analyzable way prior to enrolling the first participant. This type of collaboration is feasible given County A’s history of data sharing.</td>
</tr>
<tr>
<td><strong>Reasonable duration</strong></td>
<td>Is the PFS transaction funding an intervention with</td>
<td><strong>Score – 2</strong></td>
</tr>
</tbody>
</table>
outcomes that will be realized in a reasonably proximate time frame?

Sample intake and program participation will take three years, and there will be a couple years of observation of recidivism outcomes. Impacts on the program's core outcomes, recidivism and reoffending, may reasonably be expected within five years, allowing a high-quality evaluation to be conducted in five years or less. This time frame is sufficiently distant to observe outcomes without losing investor engagement.

<table>
<thead>
<tr>
<th>Treatment safeguards</th>
<th>Does the program provide a supplemental service rather than a core service?</th>
<th>Score – 2</th>
<th>CBT is not a core or vital public service currently offered by County A, and participants will not be placed at an unreasonable risk if PFS fails.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required elements SCORE</td>
<td>11</td>
<td>County A will need to strengthen its data capacity in some areas and pay careful attention to CBT implementation practices associated with successful outcomes. However, the program appears strong overall relative to the core required elements. Local PFS stakeholders should proceed to the supportive elements to see if there are other areas in need of improvement during the PFS planning stage.</td>
<td></td>
</tr>
</tbody>
</table>

EXAMPLE 2: SUPPORTIVE ELEMENTS—DOMESTIC VIOLENCE VICTIM ADVOCACY SERVICES

State B would like to explore the possibility of using PFS financing to scale up an advocacy intervention for victims of domestic violence. The program provides outreach and legal counseling to partners (primarily women) and families exposed to domestic violence as well as linkage to services such as shelters, counseling, and safety planning. The program has a clear theoretical target population (victims of domestic violence, particularly women), yet there are some concerns about how best to identify people in the target population, especially those who have never contacted law enforcement, medical providers, or an existing regional domestic violence service provider.

The program is rated as effective on CrimeSolutions.gov and is currently being operated in two of the state's largest cities, but existing demand seems to exceed existing capacity. The program's primary goals are to prevent future incidents of abuse, connect victims to services, and increase the physical and mental health of both partners and children. State B has identified increased rates of domestic violence as an issue of major concern, particularly in rural areas, and there is strong interest in increasing capacity to better serve these areas. For the sake of this illustration, assume this program has scored a nine for the required elements and is now moving to the second part of the assessment tool.
### TABLE 4

<table>
<thead>
<tr>
<th>Key Criterion</th>
<th>Question</th>
<th>Scoring Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population size</strong></td>
<td>Can you accurately estimate the number of people in your location who fit the program criteria and estimate rates of enrollment and program uptake?</td>
<td><strong>Score – 1</strong> All counties in the state have access to at least one domestic violence service provider, and PFS planners can use the demand at these locations, with protective order records and police incident reports, to make a baseline population size estimate. However, given high rates of underreporting of domestic violence, combined with inconsistent records, the actual local need may exceed this baseline estimate.</td>
</tr>
<tr>
<td><strong>Definable costs</strong></td>
<td>Are there clear costs associated with the issue the PFS program is intended to address?</td>
<td><strong>Score – 0</strong> The costs of domestic violence victimization, including health costs, use of public health services, and future use of criminal justice systems (e.g., courts, public prosecutors), are diffuse and difficult to calculate. High rates of underreporting and aversion to using public services by some victims may pose considerable difficulties in calculating these costs. However, rough estimates may be calculated based on data for people who have sought legal or other services. WSIPP provides cost-benefit information for domestic violence interventions focused on the perpetrator but not for victim-focused services.</td>
</tr>
<tr>
<td><strong>Evaluation method</strong></td>
<td>Will the PFS outcomes be rigorously measured with sound research methods?</td>
<td><strong>Score – 1</strong> County-level employees and the victim services provider community are not willing to participate in a randomized controlled trial. As an alternative, they have agreed to implement a quasi-experimental design that builds comparison groups from neighboring counties that will not implement the expansion program.</td>
</tr>
<tr>
<td><strong>Addresses the wrong pockets problem</strong></td>
<td>Are PFS program costs and benefits distributed across a variety of agencies?</td>
<td><strong>Score – 0</strong> State B does not have sufficient data to predict which local or state agencies will bear costs or accrue the benefits expected from this program. However, criminal justice system costs will be reduced if revictimization is lowered.</td>
</tr>
<tr>
<td><strong>Prohibitive upfront costs</strong></td>
<td>Does the need for large initial investment present barriers to entry?</td>
<td><strong>Score – 1</strong> The implementation costs, particularly in rural areas, have been prohibitively high. Community-based staff must be trained in the new program model, and service capability needs to be increased to the point that the program can successfully connect clients to services.</td>
</tr>
<tr>
<td><strong>Focus on prevention</strong></td>
<td>Is the PFS program focused on prevention rather than reactionary services or business-as-usual operations?</td>
<td><strong>Score – 2</strong> Yes. the program is primarily focused on preventing future incidents of abuse, as well as improving physical and psychological health.</td>
</tr>
<tr>
<td><strong>Supportive elements SCORE</strong></td>
<td>5</td>
<td>This score suggests weak support for PFS. A score of 0 for definable costs is a significant barrier that will need to be addressed before pursuing PFS, especially if the state expects to capture any cost savings. State B should consider working with a research partner to estimate costs and identify ways to more fully define the target population.</td>
</tr>
</tbody>
</table>
Notes on Interpretation

These examples demonstrate both the value of the PFS-CJ assessment tool and the caution that needs to be taken when using it. Strong applicability scores do not automatically ensure a program will lend itself to PFS financing. Rather, scores should serve as a guide during the planning process to help choose from among different programs or identify ways to strengthen a priority program’s suitability for PFS. In the case of the CBT reentry program above, for example, the data collection practices around certain outcomes could be strengthened. For the domestic violence advocacy services example, it may be necessary to engage research support to help define the target population and measurable outcomes and examine ways to collect outcome data.

Cost-benefit analyses also may drive jurisdictions’ decisionmaking regarding which programs to implement using PFS financing. Although such analyses are not described in detail here because they are highly locally specific, defining costs plays a fundamental role in determining the possibility of using PFS. Independent researchers knowledgeable in cost-benefit analysis may be required to determine projected savings.

We strongly recommend that users of the PFS-CJ tool do so in collaboration with other PFS partners, as well as research and public finance experts who will be able to help districts make accurate determinations on each of the elements presented here.

Conclusion

The PFS-CJ assessment tool presents a concise means for jurisdictions interested in applying PFS financing to programs that may have implications for criminal justice populations or outcomes. Completing the PFS-CJ tool as part of the initial strategic planning process can help jurisdictions make practical decisions about whether to pursue a PFS transaction based on their own capacity and that of the program. In some cases, the tool may serve to demonstrate or lend validity to a high-scoring program’s readiness for PFS; in others, it may highlight concrete areas to improve readiness. Even as jurisdictions move further along the PFS planning process, this tool provides a useful checklist of criteria to keep in mind when designing a program.

Helpful Resources

The following publicly available resources may be helpful when completing the PFS-CJ assessment tool or examining different programs

**Washington State Institute of Public Policy (WSIPP).** WSIPP’s website (http://www.wsipp.wa.gov/BenefitCost) offers high-quality cost-benefit analyses of social programs in criminal justice, employment, welfare, child welfare, health care, education, and mental health. WSIPP’s cost-benefit calculation model provides detailed estimates about the likelihood that a program will be successful in producing cost savings for a jurisdiction.
**CrimeSolutions.gov.** The National Institute of Justice’s CrimeSolutions.gov uses research to rate the effectiveness of programs and practices in achieving criminal justice–related outcomes to inform practitioners and policymakers about what works, what doesn’t, and what is promising in criminal justice–related services. Their purpose is to “assist in practical decisionmaking and program implementation by gathering information on specific justice-related programs and practices and reviewing the existing evaluation and meta-analysis research against standardized criteria.”

**What Works in Reentry Clearinghouse.** Developed by the Council of State Governments and the Urban Institute, the What Works in Reentry Clearinghouse provides a “one-stop shop” for research on the effectiveness of a wide variety of reentry programs and practices. The clearinghouse is part of the National Reentry Resource Center and was funded through the Second Chance Act by the Bureau of Justice Assistance.

**PFS.urban.org.** The Urban Institute’s pfs.urban.org website is a hub of information about the PFS model, providing profiles of existing projects, toolkits, a support center, and other resources that may help jurisdictions wishing to learn more about this financing mechanism. Related reports may also be found on the Urban Institute’s main website, including the Five Steps to Pay for Success report, which describes the strategic planning and implementation that should facilitate a PFS transaction (Roman et al. 2014).

**“Using Pay for Success to Address Criminal Justice Issues.”** Based on a scan of the field, analysis of PFS-specific legislation, and interviews with PFS practitioners, this brief offers a set of lessons learned in PFS projects and efforts within the criminal justice field. It provides a foundation for jurisdictions and organizations interested in using PFS to address criminal justice issues to learn about the model and consider how it could be effectively applied in their communities.
Notes

1. Readers interested in a more generalizable PFS assessment may refer to the Urban Institute’s 2016 Project Assessment Tool, which contains assessment elements for the target problem, program, providers, public system partners, and project evaluability and the alignment among these focus areas (Mliner et al. 2016). The PFS-CJ assessment focuses on the program itself and presents this assessment though a criminal justice system lens.

2. We systematically scanned each funder or technical assistance provider’s website for projects that may have had a criminal justice intervention, target population, or outcomes. For projects whose initial description confirmed or suggested a criminal justice element, researchers conducted a supplemental internet search for additional information, prioritizing primary sources such as announcements from key partners and/or government agencies. The following sites were included: Corporation for National & Community Service’s Social Innovation Fund Pay for Success page (https://www.nationalservice.gov/programs/social-innovation-fund/our-programs/pay-success); Nonprofit Finance Fund’s Pay for Success page (http://www.payforsuccess.org); Harvard Kennedy School Government Performance Lab’s “Our Projects” page (https://govlab.hks.harvard.edu/our-projects); Social Finance’s “What We Do” page (http://socialfinance.org/what-we-do); Third Sector Capital Partners’ ”Our Projects” page (http://www.thirdsectorcap.org/projects); and the Urban Institute’s Pay for Success page (pfs.urban.org).

3. More detailed information about these projects and the scan will be presented in a forthcoming Urban Institute report on lessons learned about PFS and criminal justice.

4. For a more in-depth discussion on the importance of evidence for PFS-funded projects see (Milner and Eldridge 2016).


6. The wrong pockets problem describes a situation in which the entity that bears the cost of implementing a practice or program does not receive the primary benefit. For example, an effective intervention for high school students at risk of dropping out might ultimately reduce the number of students who end up involved in the criminal justice system.

References


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