

**Part 3: NYSDOL PFS Attachments To Technical Proposal SGA/DFA PY 11-13:
Abstract**

Attachment A: Project Abstract¹

Applicant Name: New York State Department of Labor

Applicant Type: State Workforce Agency

Application City/State: State of New York

Geography Areas Served by the Intervention: Rochester and New York City, NY

Project Name: New York State Pay for Success Project: Employment to Break the Cycle of
Recidivism

Funding Level Requested:

\$ 800,000 **Program Management Costs**

\$ 105,000 **Validation Costs**

\$11,095,000 **Implementation Costs with Intermediary**

Names of Entities Serving as the:

Intermediary: Social Finance, Inc.

Investors: Redacted pursuant to 17 CFR Part 230 Sections 501-508

Independent Validator: Chesapeake Research Associates

Description of the Problem and Target Population's Characteristics: In New York State (NYS), approximately 22,000 men and women return home each year to their neighborhoods from the State's prisons; 11,000 people return to New York City (NYC) and 1,000 to Monroe County (Rochester). The labor market challenges facing these formerly incarcerated individuals are substantial. The lack of employment ranges 51% to 71% amongst individuals released from prison and currently under parole supervision across different regions of the State. Lack of employment is also a criminal justice problem, because it increases an individual's chances of

¹ The abstract provides only a summary of the key terms; full details are provided in the Technical Proposal, Partnership Agreement and Budget Narrative.

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returning to incarceration, thus jeopardizing public safety, taxing social services, and severely impairing the lives of the formerly incarcerated and their families. Of parolees without employment, 44% return to prison within two years, compared to 29% with part-time, and 23% with full-time employment. Those with certain criminogenic factors, such as extensive criminal history and young age, experience higher rates of return to incarceration and are considered to be at high risk of reoffending based on the State's robust risk assessment tool.

This Project expands an evidence-based intervention strategy delivered by the Center for Employment Opportunities (CEO) to address the employment needs of 1,000 formerly incarcerated individuals, who 1) are at high risk of returning to incarceration, 2) have been recently-released to Rochester or NYC from prison, and 3) have high employment needs. A disproportionate number of these individuals are men of color with low levels of education. In addition to the stigma of a criminal conviction, these individuals face myriad barriers to employment upon their return, including a lack of basic education and occupational skills, limited or no work history, minimal family and community supports, and poverty.

This innovative proposal deploys the PFS financing mechanism to increase the number of high risk individuals served, increasing the impact of CEO's evidence-based employment program which has shown a statistically significant impact on recidivism and employment when targeting high risk individuals. Mobilizing private capital to finance the effort, it takes advantage of a new, innovative "client matching" process being tested by the State that targets program resources more effectively and incorporates enhanced performance management for real-time data collection and evaluation. Presenting a scalable and sustainable financial model in which benefits increase as the size and length of the project increase, it can have a catalytic effect on expanding NYS' commitment to connecting the hard-to-employ to evidence-based programs;

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creating an integrated and data-driven workforce development and criminal justice infrastructure; and informing social innovation financing initiatives in New York and around the country.

Description of the Proposed Outcome(s) and Outcome Target(s): The goal of this initiative is to improve employment and recidivism outcomes. Specifically, the project is targeting an increase in employment of 10 percentage points for people who receive services relative to those who do not (measured by employment in the fourth calendar quarter following the quarter of release from prison) as well as a reduction of 115 days incarcerated per participants over five years, a 25% reduction (measured by one-to-three year observed bed day usage “scaled up” to a five-year impact based on NYS analysis).

Description of the Intervention Strategy: This project supports Governor Cuomo’s commitment to supporting formerly incarcerated individuals in reconnecting with family, community, and the labor market. This initiative’s Theory of Change (TOC) is based on the hypothesis that if the employment needs of high risk people with criminal convictions are addressed at their most vulnerable point – when they are first released from incarceration – then they are less likely to reoffend and more motivated to build a positive foundation for themselves and their families. The TOC states that an integrated service delivery model of life skills, transitional jobs, job placement and post-placement support will increase employment and reduce recidivism.

Expected Cost Savings and/or Efficiency Gains from Intervention: Based on a rigorous cost-benefit analysis, the public sector is expected to realize \$12,611,251 in financial benefits as a result of achieving the outcome targets for the 1,000 formerly-incarcerated individuals served, or \$14,962,350 if outcomes reach levels sufficient to trigger maximum ROI to investors.

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