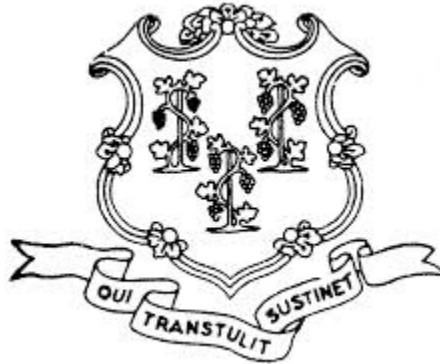


Request for Information (RFI)

Social Impact Bonds and Pay for Success Contracts for Children and Families Impacted by Substance Abuse



November 1, 2013

**State of Connecticut
Department of Children and Families
Community Support and Services Division**

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Department of Children and Families

Request for Information (RFI)

1. Introduction

The Connecticut Department of Children and Families (DCF/Department) is issuing this Request for Information (RFI) to seek input from families, intermediaries, investors, providers, and any interested persons or entities regarding the development and implementation of pay for success contracts or social impact bonds to improve outcomes for children and families. While DCF is considering a number of policy areas that are priorities for the administration and may be appropriate for a pay for success contract or social impact bond, there is particular interest in developing an enhanced system of service delivery to improve outcomes for children and families involved in the child welfare system who are also impacted by substance abuse. As a result, this RFI is specifically targeted at how pay for success contracts and social impact bonds can be used to improve the outcomes of this sub-population.

2. Background

Pay for success contracts offer an innovative approach to improve social outcomes and reduce government costs for contracted services. In this type of contract, a substantial portion of the state's payment is conditioned on the achievement of specific outcomes based on defined performance targets. Pay for success contracts may also be supported through the use of social impact bonds. These are financing arrangements where third-party investors provide service providers with operating capital and other expertise to support pay for success contracts with the government. Investors are repaid only if the service providers are successful at meeting the performance goals outlined in the pay for success contract. Sometimes an intermediary is engaged in order to serve as a facilitator and to contract with the relevant stakeholders. Programs in which potential near and medium term government savings are greater than the cost of the program are ideal candidates for the pay for success model.

Since the creation of the first social impact bond in Peterborough, England in 2010, several American cities and states have initiated studies or pilot programs involving this financing model. The United States federal government has demonstrated interest in exploring pay for success programs, and it is anticipated that the 2014 federal budget will include substantial support for pay for success programs, including the establishment of a fund to be administered by the Treasury Department to incentivize the development of social impact bonds by state and local governments.

While the various country, state, and city models vary in mechanics, common characteristics include:

- a. Rigorous measurement of desired goals and outcomes, evaluated by an outside party;
- b. Performance-based payments made by the government, only if outcomes are met; and
- c. Private-sector financing.

DCF was offered and has accepted pro bono technical assistance from the Harvard Kennedy School Social Impact Bond Technical Assistance Lab (SIB Lab) to help DCF conduct analysis and coordinate the pay for success policy process over the next twelve months. Additional information on the pay for

success model and social impact bonds can be found on the SIB Lab's web page at: <http://hks-siblab.org/>. See also "Social Impact Bonds: A Guide for State and Local Government": <http://hkssiblab.files.wordpress.com/2013/07/social-impact-bonds-a-guide-for-state-and-local-governments.pdf>

3. Purpose

The purpose of this RFI is to obtain the input of families, intermediaries, investors, providers, and any interested persons or entities in order to make informed decisions related to the use of pay for success contracts and social impact bonds to improve outcomes of children and families involved in the child welfare system who are also impacted by substance abuse.

In considering the use of a pay for success contract and social impact bond, DCF would like to explore the range of interventions and combinations of interventions that may lead to improved outcomes and lower costs to the state. Interventions can achieve this by: improving outcomes for children by expediting time to permanency and increasing rates of reunification with their families; reducing the number of children in out-of-home placement and long-term foster care; increasing available community-based resources; reducing involvement in the juvenile justice system; increasing school attendance or employment; or impacting various other indicators that represent high costs to the state and adverse outcomes for the children and families involved. DCF is particularly interested in interventions that target the sub-group of cases in which substance abuse is a factor, as these cases can be among the most challenging and costly, and therefore offer greater opportunity in terms of cost reduction and improved social outcomes. The interventions may deliver substance abuse services for youth and/or caregivers, provide "wrap-around services" for these populations, or provide any other type of service that could lead to improved outcomes among this population.

DCF will also explore the range of governance and financial structures that could support the program. Responses to this RFI will support and inform the Department's effort to develop the most effective service delivery model, governance and financial structure for a pay for success contract.

4. Disposition of Submissions

The Department is issuing this RFI for information purposes only and will not be obligated in any way to use any of the information received. Persons and/or entities responding to the RFI will not be compensated in any way. Responding to this RFI will not enhance a person or entity's chances of receiving future work from the Department. Similarly, not responding to this RFI will not be a detriment to any individual or agency when responding to future competitive procurement opportunities. All RFI responses submitted will become the property of the State of Connecticut. DCF reserves the right to make all submissions to this RFI public, except as agreed by the parties in writing. Individuals and/or entities should be aware that all materials associated with this RFI are subject to the terms of the Freedom of Information Act (FOIA).

5. Eligibility

All interested parties are encouraged to respond to this RFI. Submissions will be accepted from any person, or entity wishing to comment upon and/or provide input regarding the use of pay for success contracts or social impact bonds to improve outcomes of children and families. All parties responding to this RFI must identify themselves and provide a brief explanation of their interest in the development of a social impact bond and/or pay for success contract for children and families impacted by substance abuse in Connecticut. See Section 11.

6. RFI Administration

This RFI will have two components:

- An Information Session; and
- Formal written responses from interested parties.

Respondents may choose to participate in one or both aspects of the RFI. The schedule is as follows:

Date	Event
November 1, 2013	Issuance of the Request for Information
November 12, 2013 at 3:00 p.m. EST	Information Session Registration Deadline
November 12, 2013 at 3:00 p.m. EST	Deadline for Submitting Questions for Information Session
November 15, 2013 at 9:00 a.m. EST	DCF SIB Information Session
November 25, 2013	Responses to Questions Released
December 6, 2013 at 3:00 p.m. EST	Submission Deadline

7. SIB Information Session

To maintain an open dialogue with interested parties, the State will facilitate and lead a structured Information Session at 9:00 a.m. on November 15, 2013 at DCF's Middletown Area Office. The Information Session agenda and list of questions for discussion will be provided to interested parties prior to the scheduled date. All updated information related to the Information Session will be posted at <http://www.ct.gov/dcf/cwp/view.asp?a=2534&Q=534038>.

Parties interested in attending the Information Session must submit their request by e-mail to DCF.SIB@ct.gov on or before **November 12, 2013 at 3:00 p.m.** The e-mail should include the subject heading "**SIB/PFS RFI: Information Session**" and must state the following:

- Name of person who will attend (names, titles, address, phones number and e-mail address); and
- Organization (if any).

Organizations will be limited to sending no more than two representatives.

All questions should be submitted in advance of the Information Session. Please direct questions to DCF.SIB@ct.gov no later than November 12, 2013 at 3:00 p.m.

8. Information Solicited

DCF recognizes the importance of stakeholder input and welcomes responses to the questions below to inform substance abuse service delivery. Respondents may choose to respond to all or a limited number of questions, based on interest and/or knowledge. Response to this RFI will be used to inform planning and program development and will not be evaluated for quality or completeness. Although these questions have been designed as a guide, respondents are encouraged to provide additional feedback that may be helpful. Responses to this ***RFI will not help or hinder the respondent's success in achieving future awards from the Department.***

It is asked that submitted responses consider the Department's goals of child well-being and permanency. Include any benefits and challenges related to structure, processes, and expectations. Any assumptions that respondents are making with respect to comments or recommendations should be included. It is hoped that clear, innovative, and concrete ideas will be provided.

1. **Programs and Potential Service Delivery Models:** Please describe the range of interventions (social service programs) that could target improved social outcomes for children and families involved in the child welfare system who are also impacted by substance abuse. In particular, please address the following points:
 - 1.1. What evidence-based interventions currently exist that have demonstrated success? Do these interventions have the potential to be implemented more broadly through a social impact bond?
 - 1.2. Are there innovative interventions that may lack a strong evidence base (for example, due to nascent program models or models that are currently undergoing evaluations) but that may be appropriate for incorporation in the program due to potential for high net benefits? Describe the intervention(s) in detail, including the target population, program goals, existing evidence of success, and current implementation strategies.
 - 1.3. Describe the social outcomes that the intervention(s) target. What level of impact can be expected from the intervention(s)?
 - 1.4. Describe the type and amount of any governmental savings that could be achieved as a result of implementing the program outlined above.
 - 1.5. Describe potential outcome(s) that could be measured and used to evaluate the success of the interventions, along with a process for collecting the required data.
 - 1.6. Describe potential evaluation strategies.
2. **Service Delivery Capacity:** Please describe current service provider capacity to engage in this model, and what can be done to improve this capacity. In particular, please address the following points:
 - 2.1. What are the barriers that service providers face in becoming ready for implementation of a pay for success service delivery model?
 - 2.2. What technical assistance and support would service providers need to become ready to participate in a pay for success service delivery model?
3. **Description of Potential Governance Structure:** Please describe a potential governance structure for the program. In particular, please address the following points and where appropriate, contrast your recommended model with other alternatives:
 - 3.1. Describe the use of intermediaries and/or other advisors, service providers, investors, and evaluators, and the process for selecting and establishing relationships between DCF and

each of these types of entities. Explain the role that each entity would play during the development and implementation of the program.

3.2. Are there alternative models that DCF should consider, including contracting directly with service providers?

4. **Other considerations:** Describe any other issues or considerations not otherwise covered in this RFI that can assist DCF in developing and implementing a pay for success contract and social impact bond.

9. Questions About This RFI

Persons seeking clarification about the material contained in the RFI or the response process should contact DCF.SIB@ct.gov

Inquiries must be received by November 12, 2013 at 3:00 p.m. Select questions will be addressed at the Information Session on November 15, 2013. Responses to inquiries will be released on or before November 25, 2013 and posted at: <http://www.ct.gov/dcf/cwp/view.asp?a=2534&Q=534038>.

10. Submission Deadline

Please send a complete copy of the submission to this RFI **by 3:00 pm on, December 6, 2013** to the following e-mail address: DCF.SIB@ct.gov

Only responses in searchable PDF format will be accepted. Please use the following subject heading: **SIB/PFS RFI: RFI Submission.**

11. Submission Instructions

Responses to this RFI must be submitted using the format below. Responses should be organized under three broad headings. In Section A, respondents should identify themselves and provide a brief explanation of their interest in the development of a social impact bond and/or pay for success contract for children and families impacted by substance abuse in the state of Connecticut. In Section B, respondents should submit comments with respect to any or all of the questions that the Department has posed. In Section C, respondents can offer additional information not specifically requested. No other materials may be included with the submission (e.g., brochures, manuals, flyers, reports, etc.). Please include page numbers in the submission and include the question number and relevant question above your response. Please follow these guidelines:

Page Limit	20 (not including the cover page)
Submission Format	Searchable PDF format
Font Size	12 pt
Font Type	Times New Roman
Margins	1 inch
Line Spacing	Double

12. Response Format

Name of Respondent:

Affiliation (check one): Family Intermediary Investor Service Provider Other
(specify):

Organization (if any):

Address:

Phone:

Email:

- A. Please Describe Yourself and Explain Your Interest in this RFI:
- B. General Areas for Response:
- C. Other Suggestions: