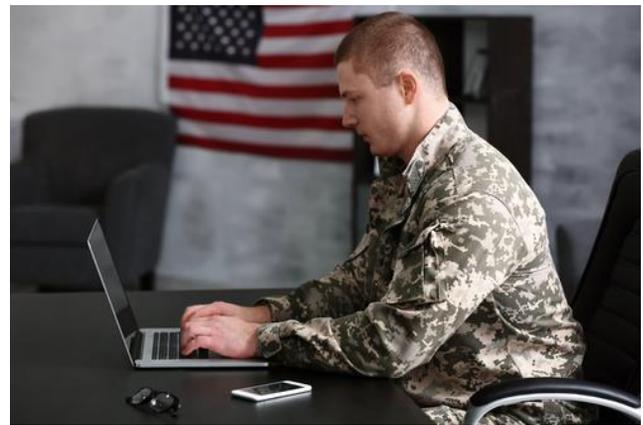


FACT SHEET

Social Finance is partnering with the U.S. Department of Veterans Affairs (VA), the Commonwealth of Massachusetts, New York City partners, and the City of Boston to launch Veterans Coordinated Approach to Recovery and Employment (Veterans CARE), a Pay for Success (PFS) initiative that will support unemployed or underemployed Veterans with post-traumatic stress disorder (PTSD) in attaining competitive, compatible employment. PFS provides a mechanism for results-based government financing, leveraging evidence-driven nonprofits and private capital to enable government and society to address chronic social issues.

The Veterans CARE project is the first PFS project in the United States to focus on improving employment and health outcomes for Veterans, and the first multistate project of its kind. Funding for the project was provided by a dedicated group of impact investors, detailed below.



PROJECT OVERVIEW

The Veterans CARE project will serve 480 Veterans over three years in New York City; Boston; Brockton, Massachusetts; and central and western Massachusetts. Local VA medical centers will deliver Individual Placement and Support (IPS), an evidence-based approach to supported employment, to program participants. The Tuscaloosa VA Medical Center (TVAMC) will oversee and monitor the implementation of services. The project measures four outcomes: 1) earnings, 2) sustained competitive employment, 3) fidelity to the IPS model, and 4) job satisfaction. Outcomes payors will repay investors if the project successfully achieves positive outcomes for participants.

PROJECT BACKGROUND

- **Veterans with PTSD face significant barriers to employment.** PTSD interferes with a person's ability to thrive in the workforce, and has been found to negatively impact sustained employment. Moreover, a negative cycle exists between unemployment and PTSD: Persistent unemployment is often linked to negative health conditions, including depression, which can exacerbate PTSD symptoms. Up to 20 percent of Veterans from recent tours of duty have PTSD, and a 2015 analysis found that Veterans' labor force participation declined over the previous 35 years, in close correlation with growth in service-connected disability.^{1,2}

¹ Institute of Medicine (US) Committee on the Initial Assessment of Readjustment Needs of Military Personnel, Veterans, and Their Families. Washington (DC): National Academies Press (US); 2010

² Coile C, Duggan M, Guo A. Veterans' labor force participation: what role does the VA's disability compensation program play? Am Econ Rev. 2015; 105(5):131-136.

Veterans Coordinated Approach to Recovery and Employment (Veterans CARE) Pay for Success Project

- **Individual Placement and Support can help Veterans with PTSD attain and sustain competitive employment.** This highly personalized approach to supported employment emphasizes rapid job search, matching an individual's needs and preferences, and integrated mental health care. Twenty-five randomized control trials on IPS have shown positive outcomes, including two studies focused on unemployed Veterans with PTSD.
- **Eight distinct principles of practice exist in the IPS model:** a focus on competitive employment, eligibility based on client choice, integration of rehabilitation and mental health services, attention to worker preferences, personalized benefits counseling, rapid job search, systematic job development, and time-unlimited, individualized support.

PROJECT NOTES

- **Social Finance raised \$5.1 million from five impact investors to fund service delivery:** BNP Paribas, Northern Trust, The Dakota Foundation, Deutsche Bank, and Robin Hood Foundation.
- **The returns investors will receive in this project are dependent upon the achievement of agreed-upon outcome metrics.** Outcomes will be measured and success payments will be made at four payment points. To the extent that outcomes are met and validated by the evaluator, VA, the Commonwealth of Massachusetts, the City of Boston, acting through the Economic Development and Industrial Corporation of Boston, and New York City partners will collectively make up to \$6 million in outcomes payments. If the highest level of outcomes is not met, payments to investors may be reduced, and if no outcomes are achieved investors could face full losses.
- **The VA Center for Innovation, together with the Corporation for National and Community Service's Social Innovation Fund,** awarded \$3 million in competitive funding to serve as outcomes payments for the project.
- **TVAMC is paid for the services it has agreed to provide as part of the project;** its payments are not contingent on outcomes, although it will be held to certain quality program and enrollment requirements.
- **Project partners will receive data-driven feedback on participant outcomes to inform public policy and program design broadly applicable to future services.**

PAY FOR SUCCESS OVERVIEW

PFS projects provide a tool for results-based government financing, leveraging private capital to fund experienced service providers and enable government and society to respond to chronic social issues.

- **PFS is a public-private partnership that funds social services through a performance-based contract.** Many high-performing service providers do not have access to the funding needed to scale-up their services. In addition, government support for social programs is not always tied to results.
- **PFS addresses these challenges by engaging impact investors to cover the upfront costs and take on the performance risks of scaling new programs, and establishing performance goals that allow project partners to measure outcomes and track success.** If, following an independent evaluation, the program achieves predetermined outcomes that benefit society and generate public value, then government will make outcomes payments to investors. However, the government pays only at the level of outcomes achieved.
- **The first PFS project launched in Peterborough, United Kingdom, in 2010. As of October 2018, there are over 100 Pay for Success projects across 24 countries, with more than 20 projects in the United States.**
- **PFS projects in the United States address a range of social issues,** including recidivism, chronic homelessness, child welfare, maternal and children's health, education, and workforce development.
- **Veterans CARE is the fourth PFS project in Massachusetts, the third in New York City, the first in the nation to focus on improved outcomes for Veterans, and the first multi-jurisdiction PFS partnership of its kind.**

Veterans Coordinated Approach to Recovery and Employment (Veterans CARE) Pay for Success Project

PROJECT PARTNERS

Social Finance is a 501(c)(3) nonprofit organization dedicated to mobilizing capital to drive social progress. We believe that everyone should have the opportunity to thrive and that we can catalyze those opportunities through Pay for Success. To date, Social Finance has mobilized nearly \$100 million of capital to address a wide range of social issues including criminal justice, education, health, and workforce development. Our sister organization, Social Finance UK, launched the world's first Social Impact Bond in 2010.

U.S. Department of Veterans Affairs On March 3, 1865, President Lincoln signed legislation that established a network of National facilities to care for the Nation's wounded Civil War Soldiers. This singular act codified a social contract between the Nation and our Veterans that the Department of Veterans Affairs (VA) would always be there for them and their families, to help them heal and recover from the illnesses, injuries, or wounds sustained in service to America and to ease their successful reintegration into civilian life. This set of principles drives VA's mission to this day, to fulfill President Lincoln's promise, "To care for him who shall have borne the battle and for his widow, and his orphan." With a workforce of more than 370,000 full-time employees, the U.S. Department of Veterans Affairs (VA) is the second largest department in the federal government. Veterans programs are delivered by VA's three administrations: Veterans Health Administration (VHA), Veterans Benefits Administration (VBA) and National Cemetery Administration (NCA).

The Tuscaloosa VA Medical Center (TVAMC) is located in West Alabama on a campus of 125 acres with 25 major buildings in a quiet community setting in the college town of Tuscaloosa, Alabama. The TVAMC offers the a number of services for Veterans, including: Primary Care Services, Geriatrics and Extended Care Services, Inpatient Mental Health Services, and Outpatient Mental Health Services. TVAMC has a robust Research & Development Department led by Dr. Lori Davis. Dr. Davis is an essential and highly valued member of this station's well-established PTSD research division with over 20 years of clinical trial experience. The funding for the Veterans CARE project will be administered by the Tuscaloosa Research and Education Advancement Corporation.

The City of Boston has a long history of supporting the Boston Veteran Community. The Mayor's Office of Workforce Development and the Mayor's Office of Veterans Services will partner with the Jamaica Plain campus of the VA Boston Healthcare System to recruit and refer eligible Veterans, oversee funding from the Neighborhood Jobs Trust, monitor program outcomes, and provide ongoing program support.

Commonwealth of Massachusetts The Executive Office for Administration and Finance (A&F) will serve as lead agency and outcomes payor for Veterans CARE, supporting the enrollment of 240 Veterans served at two locations, the VA Central Western Healthcare System and the Brockton Campus of the VA Boston Healthcare System. This is the Commonwealth's fourth Pay-for-Success initiative, joining previous initiatives focused on juvenile recidivism, chronic homelessness, and workforce development. The Executive Office of Health and Human Services and the Department of Veterans' Services will provide oversight leadership for the project. The Commonwealth has received pro bono technical assistance from the Harvard Kennedy School of Government Performance Lab (GPL). The GPL has provided government-side technical assistance on more than half of the launched PFS projects in the US, including the Commonwealth's three prior PFS projects.

Westat Founded in 1963, Westat is an employee-owned research corporation consulting in statistical design, data collection and management, program evaluation, and research analysis work. Westat works closely with clients to develop and implement relevant, rigorous evaluations. Dr. Gary Bond, international expert on the IPS model, will lead the evaluation for the Veterans CARE project.

IMPACT INVESTORS

BNP Paribas has built a strong and diversified presence in the United States to support its client base. The bank employs over 16,000 people and has had a presence in the USA since the late 1800s. Bank of the West and First Hawaiian Bank (together BancWest, part of Retail Banking & Services) serve nearly 2.5 million individuals and businesses through a network of more than 650 branches and business centers. Large corporate and institutional clients are serviced by BNP Paribas' Corporate & Institutional Banking franchise that has a presence in the main US cities, in addition to a global reach through a network of offices in EMEA and APAC. The bank also offers asset management services through BNP Paribas Asset Management (part of Retail Banking & Services) as well as Real Estate and Fleet Services through partnerships. www.usa.bnpparibas

Northern Trust Corporation (Nasdaq: NTRS) is a leading provider of wealth management, asset servicing, asset management and banking to corporations, institutions, affluent families and individuals. Founded in Chicago in 1889, Northern Trust has offices in the United States in 19 states and Washington, D.C., and 23 international locations in Canada, Europe, the Middle East and the Asia-Pacific region. As of March 31, 2018, Northern Trust had assets under custody/administration of US\$10.8 trillion, and assets under management of US\$1.2 trillion. For more than 125 years, Northern Trust has earned distinction as an industry leader for exceptional service, financial expertise, integrity and innovation.

The Dakota Foundation changes lives by assisting people in achieving greater self-sufficiency for themselves and their families by providing them with tools to help them help themselves. This mission is bounded by Foundation values of integrity, business discipline, entrepreneurship, creativity, and an investment approach that seeks the highest social return possible from each grant or PRI made.

Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals. Deutsche Bank is Germany's leading bank, with a strong position in Europe and a significant presence in the Americas and Asia Pacific.

Robin Hood Foundation, founded in 1988, finds, fuels, and creates the most impactful and scalable solutions lifting families out of poverty in New York City, with models that can work across the country. Robin Hood invests roughly \$120 million annually to provide legal services, housing, meals, workforce development training, education programs, and more to families in poverty in New York City. Robin Hood tracks every program with rigorous metrics.

PROJECT SUPPORT

Wilmington Trust serves as fiscal agent and custodian for this project. Wilmington Trust, N.A. provides corporate and institutional services including trustee, custodial, agency, investment management, retirement plan services, and administrative services for clients worldwide who use capital markets financing structures. Wilmington Trust has clients in all 50 states and in more than 90 countries, with offices throughout the United States and internationally in London, Dublin, and Frankfurt. International corporate and institutional services are offered through Wilmington Trust Corporation's international affiliates. For more information, visit www.WilmingtonTrust.com.

Jones Day serves as legal counsel to Social Finance for this project. Jones Day is a global law firm with more than 2,500 lawyers in 43 offices across five continents. The Firm is distinguished by: a singular tradition of client service; the mutual commitment to, and the seamless collaboration of, a true partnership; formidable legal talent across multiple disciplines and jurisdictions; and shared professional values that focus on client needs.



The Dakota Foundation



Deutsche Bank

