

# Goal

Improve the delivery of social services.

# Opportunity

We know that there are better ways of delivering social services, and some of those ways are actually cheaper than what we're doing now.

# Problem

Implementing new programs costs money, and we still have to pay for the old ways while we wait for the new ways to succeed.

# Solution

A bridge loan, to pay the up-front costs of the new program while you're still paying for the old.

# Problem

- Government doesn't have the investment capital.
- Philanthropy is insignificant.

# Solution

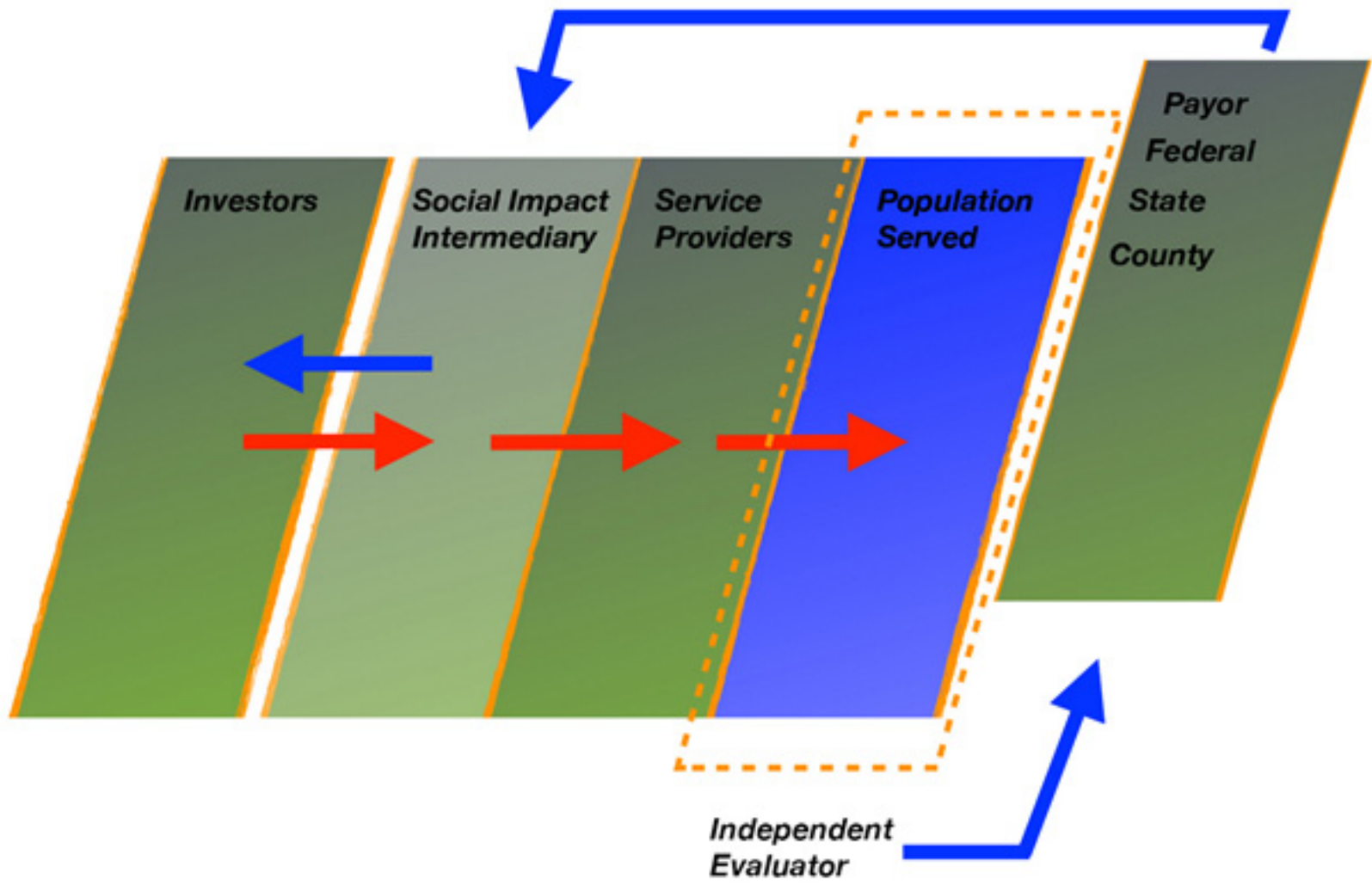
Private money:

Pension Funds, Mutual Funds,  
401(k)'s, IRA's, 529 Plans, Insurance  
Companies, Banks

Us

# Social Impact Bonds

- Borrow the money from private investors.
- Pay the investors a return from the money we save when the new program replaces the old.





# Pay for Success

The investors get paid only if  
the program succeeds!

# Social Impact Bonds So Far

- There are nine in various stages of development in the United States.
- Two are sufficiently far along to evaluate performance.

# Social Impact Bonds So Far

- New York City – Riker's Island: to prevent recidivism among young inmates.
- Utah: Universal preschool to reduce demand for special and remedial education in primary grades.

# Social Impact Bonds So Far

- New York City – Riker’s Island: Failed completely; investors received nothing back, not even their principal.
- Utah: Investors have received a return of 3.8%, but questions have arisen about measurement of outcomes.

# Social Impact Bonds in California

- Santa Clara County: Homelessness
- Richmond: Housing Blight

# Why Social Impact Bonds?

1. To bring new money, private money, to the financing of social programs; to bridge the gap between new programs and realizing the financial benefits of the new programs.

# Why Social Impact Bonds?

2. To bring more accountability to social programs; to reward successful outcomes instead of merely counting inputs.

# Why Social Impact Bonds?

3. To shift the financial risk of new programs from government to private investors.