

PAY FOR SUCCESS CREATES IMPACT-DRIVEN PARTNERSHIPS THAT BENEFIT HOMELESS FAMILIES

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In 2000, I worked at the Cuyahoga Department of Children and Family Services, the public child-welfare agency charged with ensuring the safety and security of children in our county. It was a few months after a “staffing” that I was assigned a custody case of a family that I had known as an AmeriCorps volunteer managing a soup kitchen. Staffings are meetings with the parents, their family and advocates, and an objective reviewer from the agency to review the county’s safety concerns before taking custody of the child(ren). This family’s needs (trauma, housing instability, and mental health) were significant, and it was not clear that the children would be reunified with their parents. I am not sure if this family would have met a formal definition of homeless, but they clearly had what we now call housing insecurity. The family ultimately addressed their case plan goals, so the children and parents were reunified.

I was grateful that I did not have to file for permanent custody of the children and that the family worked out their issues. I left the agency within a year of their reunification, but I still had glimpses of them. I had been assigned cases from the area of the county where I lived, so I would see the family in the store or walking in my neighborhood. I also saw the news report of the accidental death of one of their children, and I saw the children as adults start to hang out at area drop-in centers for the homeless. I had a sense the family continued to struggle, but I don’t know if they ever used any county services. I continue to wonder what more I could have done to help address their housing issues, trauma history, and very limited resources.

I’m grateful for the opportunity to be writing about systems coming together to change themselves and become more responsive to individuals and families. Six years ago, the George Gund Foundation arranged for me to attend the 2011 White House Convening on Pay for Success. The night before the convening, I attended a networking social organized by Nonprofit Finance Fund, where I joined a learning community that would be critical to Cuyahoga County’s launching the first county-level, and first child welfare, Pay for Success project in the United States. We’re a little over halfway into our Pay for Success project’s intervention period. I’m excited about this work, and the process as well as early experiences have energized us.

Through Pay for Success we are providing intensive, evidence-based interventions to homeless families that have lost custody of their children and we will use randomized controlled trial findings to determine payment. We have developed a social-impact-driven public-private partnership, which is key to our project’s successful launch. FrontLine Services and Enterprise Community Partners, Inc. (our respective lead service provider and project manager/fiscal manager) had worked together and with the county on other projects and national grant applications, and the county’s growing permanent supportive housing portfolio showed that we could develop and manage meaningful public-private partnerships.

All of our Pay for Success partners brought resources to the project and agreed to share in the risks of the deal. These resources included local philanthropic funding for technical assistance and then investment in capital, early university research and access to a longitudinal, integrated data system, and openness of local government to change policy to accommodate innovation. Each of these contributed to the focus on the families we would better serve through the intervention, and each served as a bulwark to the stress of the shared risks of the deal.

I recognized the value of being impact-driven in the partnership context while attending a national forum on Pay for Success. I was there with a service provider staff member and it was near the end of the forum that we noticed there was little to no discussion about the lives of the people, children, and families that these great projects would serve. For the Cuyahoga partnership, our conversations revolved around the

improvements we targeted for the homeless families. Yes, we spent hours talking about counterfactuals and the associated costs that lead to families' homelessness and county custody, but the deal construction did not drive our motivation. We found our purpose in service workers' direct observations that came while they talked to a family on a porch, in a shelter, or at a court hearing, and those experiences helped ground us to the impact.

There's great pride in being first in something, but in the project's toughest moments, the pursuit of that status is not what sustained and carried the partnership forward. We knew that by working together, we could develop a meaningful response to the child welfare and homeless systems' inability to align resources and outcomes and that we could launch that response at those systems' level. The impact-driven public-private partnership launched a Pay for Success project by focusing on the lives our clients are living and the work needed to help make the parents and children safe and stable.

We spent three years developing our project, and it will run for five. Few local government projects are sustained over eight years, although many of those with an extended term (e.g., permanent supportive housing and universal pre-K programs) have some of the best outcomes and potential for impact. Still, it is difficult to maintain a partnership over so many years, and one clear weakness is susceptibility to leadership transition. We would have struggled to complete the deal if any of the major partners had left during the development or contracting stages. Staff members have since left the project, and their replacements have brought new energy to the team; however, there was fragility in the partnership during the development. Staff interacted in new ways, and we had to learn together. Risk sharing at the organizational level was also challenging, and each partner had to get comfortable with some exposure. We all were working from a new program design paradigm that carried a heavy workload, partially because there was no example to follow.

It is also important to recognize how political cycles can drive policy agendas and the transition between administrations can blunt impact or end partnerships. I saw this occur as another group that was exploring the development of a Pay for Success project outside of Ohio experienced the election loss of its executive. All of the group's work was suspended,

and staff began leaving the administration. In 2013, the county executive during the development of our deal decided to run for another office, so it became clear that the deal needed to be complete by the end of his term to ensure executive support. It turned out that the next county executive, Armond Budish, began assigning transition staff during the project's legislative work and became very familiar with it. As soon as he was elected, he received a brief and became a strong supporter. Executive Budish was such a strong supporter that when he was forced to address a significant budget deficit in his first year, he did not cut the project, even though it was developed by his predecessor and Budish's administration would be responsible for its outcomes and any potential payments. This would have been an easy time for the county to withdraw (a real concern of some investors), but Executive Budish and his chief of staff, Sharon Sobel Jordan, both recognized the potential of the impact-driven public-private partnership. They both became committed to the partnership and to the social impact it drove.

I still support our Pay for Success project, but I now work in the county's public assistance system. Like the child welfare and homeless systems, we have been charged to be more responsive to the workforce needs of our families. The county executive visited 100 businesses in his first 100 days in office, and he heard repeatedly that they needed help filling vacant jobs. At the same time, when people come to our public assistance office, most say they will work if offered a job. Our programs can help people get training, education, and employment. Unfortunately, very few clients receive these benefits because we focus more on the mechanics of the eligibility process than on career goals and wage growth. We also pay more attention to services with the highest compliance, rather than the highest success rates. Executive Budish heard this when he visited our busiest waiting room one day. A young man approached him, and Budish asked why he was there. The client said, "I want to get a job." At that point, a probation officer stepped from behind the client and said, "He's here to apply for food assistance." We gave him the food assistance, and he found a low-wage, limited-hour, seasonal job elsewhere. In time, he disappeared from our system.

We need impact-driven public-private partnerships across our public systems to make us more responsive to the needs of our residents and

communities. It is only through partnerships that we can change policy and focus on impact over compliance, develop meaningful goals instead of achievable outputs, and commit the time and resources to work through decades of failed policies. Cuyahoga County exists to ensure that all residents have access to prosperity. It is through this work that we can ensure that all residents thrive, but neither public systems nor external advocates can do this on their own.

Through Pay for Success, we created an innovative program that offers a solution to family homelessness and child welfare by working with partners in a new and open manner, and we also have begun to transform our public assistance programs into a career and wage advancement system. Pay for Success is just one form of impact investment, and I believe that social impact bonds, mission investment, and other emerging impact-driven investment strategies have tremendous potential to accelerate the shift to an outcomes orientation to address social problems. The case for investment in this transformative work is clear. We can either continue with our existing resources and program models to ensure that safety net services meet families' basic needs, or we can build successful partnerships and systemic approaches that lead individuals and families from poverty to prosperity.

I have wondered what would have happened if the homeless family I served almost 20 years ago had access to the services our Pay for Success project provides. This drives me to think of the families receiving our TANF (cash assistance) and SNAP (food stamps) compliance-driven services—or worse, those sanctioned from these programs who now may have no support. We are currently opening up our public assistance system and developing new workforce partnerships, and I hope for a glimpse of that young man whom our executive met in my office. I will look for him in the career pathway programs we are developing, supported by area universities and credentialed training providers that are connected to our county's growing industries. I hope to see him someday walking the neighborhood with his family or into a store with his children, and I expect they will have the same resources as my children. These expectations are reasonable when providers come together and commit to achieving them.

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