



**New York State
Department of Labor**

Andrew M. Cuomo, *Governor*
Peter M. Rivera, *Commissioner*

Governor Cuomo Announces \$12 Million Federal Grant For 'Pay For Success'

Federal Award Uses Public-Private Partnerships to Help Formerly Incarcerated Individuals Find Jobs and Fulfills 2013 State of the State Commitment

Albany, NY (September 23, 2013) - Governor Andrew M. Cuomo today announced that the U.S. Department of Labor (USDOL) has awarded a \$12 million grant to New York State's first Pay for Success Project, an initiative to reemploy formerly incarcerated individuals. This award delivers on the Governor's commitment in the 2013 State of the State to develop innovative programs to reduce recidivism while saving money for New York taxpayers.

"This federal grant will allow New York State to implement our first Pay for Success project to help formerly incarcerated individuals find jobs and reduce recidivism rates in our communities," Governor Cuomo said. "Under this initiative, we are using an innovative public-private partnership to meet social needs and protect taxpayer dollars by ensuring results are delivered by private investors. These efforts will benefit the whole state because by connecting New Yorkers with jobs, it will mean safer and more prosperous communities for all of us."

The \$12 million grant to New York State was the largest award made by the USDOL under its national competition for Pay for Success.

A Pay for Success Project, also known as a Social Impact Bond, is a contract between government and one or more private entities. Under the contract, objectives are set by the State, and private investors finance and manage the program. If the program fails to meet agreed-upon savings and performance targets, the government does not have to pay.

For this Pay for Success Project, New York State is partnering with the Center for Employment Opportunities (CEO) to increase employment and reduce recidivism among New Yorkers recently released from prison – a population with an unemployment rate that stands at at least 53% statewide, but can reach as high as 69% in certain communities.

CEO's evidence-based strategy connects individuals to the labor force through employment training and job placement services. Individuals released to New York City and Rochester will be served in this Project.

In accordance with the Pay for Success financing model, the USDOL grant will pay for pre-agreed upon outcomes that will be measured using a rigorous evaluation. Payment will occur only if minimum performance thresholds related to recidivism and employment are achieved. Above the minimum thresholds, payments will rise with better performance. Social Finance, Inc. will serve as the intermediary for this Project.

This project is part of the Governor's Pay for Success Initiative, which was included in his 2013 State of the State agenda. The 2013/14 Enacted Budget authorizes \$30 million for Pay for Success Projects in health care, child welfare, early childhood development and public safety. At the end of July 2013, the State issued a Request for Proposals (RFP) requesting proposals from organizations that seek to partner with the State on Pay for Success contracts. Responses are due by the end of September and the State will select its next Pay for Success Project(s) by the end of October.

Peter M. Rivera, State Department of Labor Commissioner, said, "This Pay for Success initiative builds upon the successes of the Work for Success program which began in 2012. These programs benefit not only formerly incarcerated men, but also the businesses that employ them, their communities and all taxpayers when the recidivism rate drops."

Anthony J. Annucci, Acting Commissioner of the Department of Corrections and Community Supervision said, "One of the goals at DOCCS is to teach the importance of a mature understanding of a work ethic. An offender, completing their sentence under Community Supervision, benefits greatly from this connection to jobs. It is a major step forward in their transition back into the community."

Tracy Palandjian, Chief Executive Officer and Co-Founder of Social Finance US said, "Social Finance is extremely excited to be a part of this unique collaboration with New York State and the Center for Employment Opportunities. The power of the Social Impact Bond concept lies in the strength, commitment and innovation of our partners. This private-public partnership holds tremendous promise to significantly expand the

extraordinary work of CEO to help formerly-incarcerated individuals transition to stable, more productive lives, reduce the economic burden of recidivism, and ultimately create safer communities.”

Mindy Tarlow, Chief Executive Officer for the Center for Employment Opportunities said, “This program represents the very best in what we can accomplish when government, labor and private industry partner together to provide employment services specifically targeted to address the risks and needs of individuals recently released from periods of incarceration. We are creating opportunities for success by ensuring that the right people are placed in the right program, and at the right time.”

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