

Vera Institute of Justice

Criminal Justice Issues and Prisoners' Rights

<https://www.vera.org/blog/an-interview-with-kristin-misner-of-the-nyc-mayors-office-about-social-impact-bonds-and-the-citys-able-project>

Public Facing Advocacy Writing

Last August, New York City Mayor Michael Bloomberg, along with [Goldman Sachs](#), [Bloomberg Philanthropies](#), and the nonprofit organization [MDRC](#), announced the first project in the United States that is funded by a [social impact bond](#) (SIB). The [Osborne Association](#) and [Friends of Island Academy](#) will deliver the program the Adolescent Behavioral Learning Experience (ABLE) at Rikers Island, and the [Vera Institute of Justice](#) will evaluate it. Christian Henrichson, Senior Policy Analyst for Vera's Cost-Benefit Analysis Unit, recently talked about ABLE with Kristin Misner, chief of staff to the [Deputy Mayor for Health and Human Services in the Office of Mayor Bloomberg](#). She is also a member of CBKB's [Cost-Benefit Methods Working Group](#).

Would you briefly describe ABLE and how the SIB financing model will work?

The ABLE program is an evidenced-based cognitive behavioral therapy intervention aimed at reducing recidivism rates for 16- to 18-year-olds in jail by improving reasoning skills, personal responsibility, and actions. It involves the delivery of a 12-step curriculum by a trained facilitator during a 50-minute group session every day. The program is funded through an innovative model of pay-for-performance contracting: a private investor funds the program operations and then government pays the investor back only if the program achieves a 10 percent reduction in recidivism or greater. (10 percent is the reduction in recidivism necessary for the investment to pay for itself through jail savings.) If the program achieves greater success, then the city saves more and the investor receives a return on its investment.

Financial savings will be an important performance indicator for ABLE, but the program could generate benefits that extend beyond government. Who else may benefit? If someone were to do a cost-benefit analysis (CBA) of this project, what might be measured?

In this model, the city is using actual savings that accrue to the NYC Department of Correction (DOC) because of a reduction in bed-day usage from adolescents who return to Rikers. Those costs include the cost of running a jail facility. If in fact the program is successful and prevents adolescents from returning to jail, a number of other benefits could be considered and quantified in a cost-benefit analysis. The following examples are not an exhaustive list, but give a flavor of the types of costs and benefits that could be considered:

If less crime is committed, there could be additional taxpayer savings because of lower workloads for the police department, the courts, or among public defenders. There could also be savings to New York State government if the program prevents a crime that would have led to incarceration at a state prison. One could also include benefits to potential victims who avoided financial, psychological, or possible physical harm. There may be increased tax revenue from program participants who may, in addition to avoiding jail, become productive taxpaying members of society. Finally, one could quantify the social benefits associated with the offender who turns his or her life around not only through paying taxes, but also through paying child support and being an active parent, or not needing food stamps and other public benefits.

How will the reduction in recidivism be measured and can you tell us more about the evaluation plan?

The reduction of recidivism will be measured by comparing the jail bed-days for those who participate in the ABLE program in 2013 to the number of bed-days used by a similar matched historical group. The evaluation will look at recidivism one year after release and again after two years. The program is being delivered to 16- to 18-year-olds who are in the [New York City] Department of Corrections custody. To control for any possible differences between the ABLE group and the historical comparison group that could obscure the impact of the program, these groups will be matched on a variety of factors including current charge, criminal history, gender, and age. In order to control for system-level changes that may be occurring during the delivery of the ABLE program (for example, a major change in police arrest policy), the evaluation will also use a contemporaneous cohort of 19- to 20-year-olds because their recidivism trends mirror those of 16- to 18-year-olds. If recidivism is going down in general for those who are 19 and 20, then the outcomes will be adjusted to reflect only the changes that can be attributed to the ABLE program.

Social impact bonds are fairly new and some people consider them controversial. When you talk about the financing for the ABLE program, what aspects of the SIB do you end up needing to explain or clarify? What misconceptions do people have?

One misconception is that the New York City SIB project is privatizing the city jails. People sometimes think that having a private investor fund the program means that the jail is outsourced to a for-profit company. This is not the case. The jail system continues to be managed by the New York City Department of Correction and city employees. In fact, the ABLE program is delivered by two not-for-profit groups that work closely with the DOC staff on Rikers.

What were the biggest challenges when coordinating all the players involved with a social impact bond?

One big challenge in launching the social impact bond project was sequencingfiguring out which contracts had to be negotiated first, when the funding had to be committed, how the evaluation would fit in, and what level of detail was needed before the partners would sign on the dotted line. For example, imagine a scenario where a funder wants to know who the service provider will be before committing the funding, but without a funding commitment, a provider cannot be retained. Similarly, when trying to put together a budget for the funders, first you need to know how much the intervention will cost, but without a committed provider it is hard to know. To effectively juggle all the pieces, there needs to be an overall project manager all the parties trustI would recommend someone from a high-level government officewho aligns all the pieces and interests and is committed to moving the deal forward. That was the role I played. It involved helping to orchestrate the moving parts and making sure that when one piece changedwhich happened oftenit was effectively communicated to all the other parties.

What advice do you have for other government agencies that might fund a project through a social impact bond?

Government plays a critical role in launching these projects, and state and local governments need to decide what they are willing to pay for certain outcomes. Figuring out the costs of programs and the willingness to pay is a worthwhile exercise that governments should be doing on priority areas to help jump-start the field of pay-for-performance contracting. In order to move toward paying for outcomes, for example, to prevent homelessness, cities and states must first understand how much they spend on homelessness, what it costs to prevent one person from becoming homeless, and then how much they value preventing homelessness. Also data collection is critical, and government has a tremendous amount of data it can use to track and price outcomes; the challenge is often accessing the data or having it in a usable format. By focusing on those two areas, pricing and valuing key outcomes and how to better access and connect data systems, governments can really help move the field of social impact bonds closer to a system that pays for success.

This post also appears on the [blog](#) of the Cost-Benefit Knowledge Bank for Criminal Justice, a project of the Vera Institute of Justice.

Transformative change, sent to your inbox.

Vera Institute of Justice. All rights reserved.