



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

**Bloomberg
Philanthropies**

**Goldman
Sachs**

mdrc

FACT SHEET: The NYC ABLE Project for Incarcerated Youth

America's First Social Impact Bond

- The City of New York, Bloomberg Philanthropies, Goldman Sachs and MDRC today announced the nation's first social impact bond.
- This innovative model brings in new private financing for preventive services, especially important in these times of constrained government spending. It aims to unlock a new pool of funding – commercial investment – for evidence-based social services interventions in New York City and throughout the country.
- Launched with the Department of Correction as part of the Young Men's Initiative, the Adolescent Behavioral Learning Experience (ABLE) Program aims to reduce the reincarceration rate among adolescents at Rikers Island through an evidenced-based intervention that focuses on improving personal responsibility and decision-making.
- The financing for this project was inspired by the social impact bond model first employed in Peterborough Prison in the UK.
- In this approach, there is no upfront cost to the taxpayer, instead:
 - **Goldman Sachs** funds the project's delivery and operations through a \$9.6 million loan to MDRC;
 - **Bloomberg Philanthropies** provides a \$7.2 million grant to MDRC to guarantee a portion of the loan, reducing the lender's risk;
 - **MDRC** through a contract with the City oversees the day-to-day implementation of the project, manages the Osborne Association and Friends of Island Academy – the non-profit service providers who deliver the intervention – and is responsible for any payments to the private investor;
 - **The Vera Institute of Justice**, an independent evaluator, determines whether the project achieves the targeted reductions in reincarceration;
 - **The Department of Correction** pays MDRC based on reduced re-admissions and the associated cost savings.
- If improved outcomes are not achieved, New York City government is not required to pay MDRC, thereby transferring the risk of funding to the private sector and ensuring accountability for taxpayer money. In addition, the City has no responsibility for payments to the private investor, which falls solely on MDRC.
- The ABLE Program has the potential to generate substantial long-term savings for the City and taxpayers. Based on its agreement with MDRC, Goldman Sachs receives its capital back only if

the re-admission rate – measured by total jail days avoided – is reduced by 10% or more. Should the reduction exceed 11%, Goldman Sachs will also receive a financial return that is consistent with typical community development lending.

- The potential for City savings associated with the reductions in re-admission are significant and exceed the possible associated payments to MDRC, which it passes on as a return to the investor (*see chart below*):

Reduction in Re-Incarceration Rate	City Payment to MDRC (\$)	Projected Long-Term City Net Savings (\$)*
≥20.0%	\$11,712,000	\$20,500,000
≥16.0%	\$10,944,000	\$11,700,000
≥13.0%	\$10,368,000	\$7,200,000
≥12.5%	\$10,272,000	\$6,400,000
≥12.0%	\$10,176,000	\$5,600,000
≥11.0%	\$10,080,000	\$1,700,000
≥10.0% (<i>breakeven</i>)	\$9,600,000	\$ ≥ 1,000,000
≥8.5%	\$4,800,000	\$ ≥ 1,000,000

** Savings after repayment and continued funding for program delivery.*

- Funds remaining in the guarantee fund at the end of the intervention will remain at MDRC to facilitate future social impact investments in New York City.