

## Scenario: Investor funds SUCCESSFUL Social Impact Bond

- Investor funds \$3m to service provider
- Society earns 20% ROI
  - > 5% paid to investor; remaining 15% net benefit to Government



Baseline Scenario	Year 0	Year 1	Year 2	Year 3	Total
Beginning Population	10,000	10,000	8,000	8,000	10,000
Released		(2,000)			(2,000)
Returned				1,000	1,000
Ending Population	10,000	8,000	8,000	9,000	9,000
Variable Prison Cost		\$ 200,000,000	\$ 200,000,000	\$ 225,000,000	\$ 625,000,000
Income Tax Lost		\$ 8,000,000	\$ 8,000,000	\$ 9,000,000	\$ 25,000,000

With JobTraining Corp Program	Year 0	Year 1	Year 2	Year 3	Total
Beginning Population	10,000	10,000	8,000	8,000	10,000
Released		(2,000)			(2,000)
Returned				800	800
Ending Population	10,000	8,000	8,000	8,800	8,800
Variable Prison Cost		\$ 200,000,000	\$ 200,000,000	\$ 220,000,000	\$ 620,000,000
Income Tax Lost		\$ 8,000,000	\$ 8,000,000	\$ 8,800,000	\$ 24,800,000

3yr Results	
Prison Costs Saved:	\$ 5,000,000
Income Tax Gained:	\$ 200,000
	<u>\$ 5,200,000</u>

Cash Flows	Year 0	Year 1	Year 2	Year 3	Total
Provider	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000
Investor	\$ (3,000,000)	\$ -	\$ -	\$ 3,472,875	\$ 472,875
Government	\$ -	\$ -	\$ -	\$ 1,727,125	\$ 1,727,125
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,200,000</u>	<u>\$ 5,200,000</u>

Total Investor ROI: 15.8%

Annualized: 5.0%

Total Society ROI: 57.6%

Annualized: 20.1%

## Scenario: Investor funds UNSUCCESSFUL Social Impact Bond

- Investor funds \$3m to service provider
- Society earns 9% ROI
  - > 0% paid to investor; entire 9% net benefit to Government
  - > Although the overall scenario is a lower benefit to society, the Government (and society) still benefits



Baseline Scenario	Year 0	Year 1	Year 2	Year 3	Total
Beginning Population	10,000	10,000	8,000	8,000	10,000
Released		(2,000)			(2,000)
Returned				1,000	1,000
Ending Population	10,000	8,000	8,000	9,000	9,000
Variable Prison Cost		\$ 200,000,000	\$ 200,000,000	\$ 225,000,000	\$ 625,000,000
Income Tax Lost		\$ 8,000,000	\$ 8,000,000	\$ 9,000,000	\$ 25,000,000

With JobTraining Corp Program	Year 0	Year 1	Year 2	Year 3	Total
Beginning Population	10,000	10,000	8,000	8,000	10,000
Released		(2,000)			(2,000)
Returned				850	850
Ending Population	10,000	8,000	8,000	8,850	8,850
Variable Prison Cost		\$ 200,000,000	\$ 200,000,000	\$ 221,250,000	\$ 621,250,000
Income Tax Lost		\$ 8,000,000	\$ 8,000,000	\$ 8,850,000	\$ 24,850,000

3yr Results	
Prison Costs Saved:	\$ 3,750,000
Income Tax Gained:	\$ 150,000
	<u>\$ 3,900,000</u>

Cash Flows	Year 0	Year 1	Year 2	Year 3	Total
Provider	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000
Investor	\$ (3,000,000)	\$ -	\$ -	\$ -	\$ (3,000,000)
Government	\$ -	\$ -	\$ -	\$ 3,900,000	\$ 3,900,000
	\$ -	\$ -	\$ -	\$ 3,900,000	\$ 3,900,000

Total Investor ROI: -100.0%

Annualized: -100.0%

Total Society ROI: 130.0%

Annualized: 9.1%