



Pay for Success / Social Impact Bonds

Chapman is one of the few law firms in the country that has completed multiple Pay for Success financings.

Chapman attorneys have been at the forefront in the use of Pay for Success (PFS) financing, also known as social impact bonds, to finance public sector projects through private sector investments. Our attorneys have an in-depth understanding of the goals and concerns of government participants, social service agencies, and investors involved in these types of transactions.

Unique Experience. Chapman has served as lender's counsel, government counsel, service provider's counsel, and intermediary's counsel in several Pay for Success transactions across the country, providing Chapman a broad base of experience with this innovative financing tool. Chapman attorneys have also participated in multiple speaking panels and written articles highlighting the use of PFS financing and explaining the intricacies of its implementation. Chapman has even assisted with the drafting of enabling legislation for governments.

A Cutting-Edge Tool. A social impact bond is a financing tool that enables government agencies to finance important social projects in a nontraditional way. Under a PFS arrangement, a government sets a specific, measurable outcome it wants achieved in a population and promises to pay for such services if and only if the social services agency providing the services accomplishes the outcome. The social services are initially funded by investors from the private sector and, if success is achieved, the government repays the investors.

Opportunities. In the face of shrinking public budgets, Pay for Success is a powerful tool that can enable policymakers to use resources more efficiently and improve services for disadvantaged populations, while at the same time providing social-minded investors with attractive investment opportunities.

Attorneys

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Related Practices

501(c)(3) Not-for-Profit
Finance
Economic Development and
Redevelopment
ESG Counsel and Sustainable
Finance
Primary and Secondary
Education
Public Finance

Engagements

First-of-Its-Kind Financing for Asthma Reduction Project
February 2022

Social Impact Fund Formation
January 2021

First US Pay for Success Financing Supporting Veterans with PTSD
November 2018

Representative Transactions

- Transaction to reduce homelessness in Salt Lake County, Utah by funding a program to provide housing, behavioral-health treatment, and employment counseling for 315 chronically homeless individuals.
- Transaction to reduce the recidivism rate in Salt Lake County, Utah by funding a program to provide substance-abuse and behavioral-health treatment for 225 high-risk men.
- Transaction to reduce homelessness in the City of Denver, Colorado by funding supportive housing and wraparound services for 250 chronically homeless individuals.
- Transaction to support pre-K education for more than 2,600 children from underserved communities in Chicago, with the goal of improving educational outcomes through increasing kindergarten readiness, improving third-grade literacy, and reducing the need for special education services.
- First pay for success transaction in the U.S., which funded a cognitive behavioral therapy program for 16- to 18-year-olds detained at New York City's Rikers Island, with the goal of reducing the high recidivism rate for this population by focusing on personal responsibility, training, and counseling.*

* Representation by a Chapman attorney at a prior firm.