

PAY FOR SUCCESS INTERMEDIARY AGREEMENT

This Pay For Success Intermediary Agreement (this “Agreement”), dated as of October 1, 2013, is among the New York State Department of Labor (“NYSDOL”), located at W.A. Harriman State Office Building Campus, Building 12, Albany, New York, 12240, Social Finance, Inc. (the “Intermediary” or “SFI”), a Massachusetts corporation located at 77 Summer Street, 2nd Floor, Boston Massachusetts 02110 and a 501(c)(3) organization licensed to do business in the State of New York, and, solely for purposes of Sections 5.3, 10.2 and Articles VI (Payment) and in order to become a Party to this Agreement upon a termination as set forth in Article XI, Social Finance NY State Workforce Re-Entry 2013 Manager, Inc., a Delaware nonprofit corporation (“Managing Member”). Intermediary and NYSDOL and Managing Member as applicable are referred to herein as the “Parties” and each, a “Party”).

WHEREAS, the Parties anticipate that the United States Department of Labor (“USDOL”), Employment and Training Administration would award NYSDOL a grant of up to \$12,000,000 (the “Grant”) under Funding Opportunity Number SGA/DFA PY 11-13, Notice of Availability of Funds and Solicitation for Grant Application for Pay for Success Pilot Projects for a State Pay for Success Project: Employment to Break the Cycle of Re-Incarceration that will represent phase I of the Project (“Phase I,” the “USDOL Project” or “USDOL component”);

WHEREAS, NYSDOL wishes to use Pay for Success as an innovative financing mechanism for evidence-based services in order to improve social outcomes and produce public sector savings and benefits;

WHEREAS, the Parties wish to enter into a contract for a New York State Pay for Success Project: Employment to Break the Cycle of Re-Incarceration on the terms and subject to the conditions set forth in this Agreement (the “Project”) that will be in two phases for an overall term of five and one-half (5 1/2) years beginning on the Project Start Date;

WHEREAS, the Parties envision that (a) as the \$12 million Grant has been awarded, Phase I (or the USDOL Project consisting of two years of enrollment in Interventions followed by two years of Interventions completion, Measurement, Determination, and calculation of Outcome Payments) will be funded from the Grant if and to the extent that USDOL agrees to modify the Grant Agreement to incorporate the programmatic, outcome and budget changes negotiated between the Parties since the time the application for the Grant award was submitted. Phase I will otherwise be funded from a combination of funding from the Grant and NYSDOL equal to \$12 million and subject to specified exceptions, or entirely by NYSDOL if the Grant is withdrawn and (b) Phase II of the Project (starting two years after the Project Start Date, two years of enrollment in Interventions followed by one and one-half years of Interventions completion, Measurement, Determination, and calculation of Outcome Payment) will be funded by \$11,000,000 from NYSDOL (“Phase II”);

WHEREAS, the Project is required to have an intermediary and contemplates Intermediary formation of a social impact vehicle that will receive and disburse Investor funds for Project costs. Intermediary has formed Managing Member solely for the purposes of entering into this Agreement and carrying out the responsibilities of a managing member of the newly formed entity, Social Finance NY State Workforce Re-Entry 2013 LLC, a Delaware limited liability company, that will receive and disburse Investor funds for Project costs ("Investor LLC");

WHEREAS, NYSDOL issued a request for proposals to secure the services of a highly qualified intermediary entity and has determined that Intermediary possesses the requisite expertise and skills to perform the services required;

WHEREAS, under the Project, Intermediary will or will cause one or more Service Providers to provide evidence-based vocational and employment support to approximately 1,000 in Phase I and 1,000 in Phase II higher-risk individuals who were recently released from New York State prisons to New York City or Rochester to try to achieve increases in the rate of employment and reductions in the rate of re-incarceration;

WHEREAS, NYSDOL will provide administration and general project management and oversight over the Project and the New York State Department of Corrections and Community Supervision ("DOCCS") will provide information, access, referrals and interact with the Service Provider in the provision of its services.

NOW THEREFORE, in consideration of the promises, responsibilities and covenants herein, the Parties agree as follows:

I. PURPOSE OF AGREEMENT

1.1 The purpose of this Agreement is to establish the terms on which the Project, including the USDOL component if NYSDOL has been awarded the Grant, will be conducted, and Determination and Outcome Payments will be made.

1.2 The recitals are hereby incorporated into this Agreement.

II. DEFINITIONS/CONSTRUCTION

2.1 Defined Terms. In this Agreement, capitalized terms have the meaning assigned to them in Appendix N – Index of Defined Terms, a copy of which is attached hereto and incorporated by this reference

2.2 Construction. Unless the context of this Agreement otherwise requires, (a) words of any gender include each other gender, (b) words using the singular or plural number also include the plural or singular number, respectively, (c) the terms "hereof," "herein," "hereby," "hereto" and derivative or similar words refer to this entire Agreement, (d) when a reference is made in this Agreement to an Article, Section, Schedule, Exhibit or Appendix, such reference is to an Article or Section of, or a

Schedule, Exhibit or Appendix to, this Agreement, (e) the word “including,” “include” or “includes” means “including, without limitation,” (f) “party” or “parties” means the parties to this Agreement, and (g) the word “or” will be disjunctive but not exclusive. The word “extent” in the phrase “to the extent” means the degree to which a subject or other thing extends, and such phrase will not mean simply “if.” References to agreements and other documents will be deemed to include all subsequent amendments and other modifications thereto. References to statutes will include all regulations promulgated thereunder, and references to statutes or regulations will be construed to include all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation. The language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent and no rule of strict construction will be applied against any Party. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein will have the meanings given to them under United States generally accepted accounting principles.

III. TERM OF AGREEMENT

3.1 Term. Subject to approval of this Agreement by the New York State Office of the Comptroller on or before January 2, 2014, this Agreement will become effective as of October 1, 2013. DOCCS Research will generate the first Randomization List on the Services Commencement Date and services will be available pursuant to the Service Provider Agreement after the Services Commencement Date in accordance with Schedule 1. Subject to Section 17.9, this Agreement will remain in effect until the Period of Performance has ended. Intermediary acknowledges that NYSDOL is not liable for any services performed by or on behalf of Intermediary until this Agreement has been approved and countersigned by NYSDOL, the Office of the State Attorney General, and the Office of the State Comptroller.

IV. REPRESENTATIONS AND WARRANTIES

4.1 Intermediary's Representations and Warranties.

(a) Power and Authority. Intermediary has familiarized itself with this Agreement including all Appendices, Schedules and Exhibits and warrants that it has all requisite power and authority to provide the services required hereunder with respect to the Project including, if NYSDOL is awarded the Grant and that the signatory on behalf of Intermediary is duly authorized to execute this Agreement.

(b) No Conflict or Violation. Intermediary affirms that the terms of the Agreement do not violate any contracts or agreements to which it is a party in any material respect, and that its other contractual obligations will not materially adversely influence its capabilities to perform under this Agreement. Upon NYSDOL request, Intermediary will provide evidence reasonably satisfactory to NYSDOL that this Agreement will not result in a material conflict of interest with regard either to other work performed by Intermediary, or to potential material conflict of interest among specific Intermediary staff.

(c) No Litigation. No claim is being asserted and no litigation, arbitration or administrative proceeding is presently in progress or, to the best of Intermediary's knowledge and belief, pending or threatened against Intermediary or any of its assets which will or might reasonably be expected to materially adversely affect the ability of Intermediary to perform its obligations under this Agreement.

(d) Independent Contractor. Intermediary expressly acknowledges and agrees that the legal status of Intermediary, its subsidiaries, agents, officers and employees is that of an independent contractor and in no manner will they be deemed employees of the State of New York and, therefore, are not entitled to any of the benefits associated with such employment. Intermediary may neither hold itself out nor claim to be an officer, employee, or subdivision of NYSDOL nor make any claim, demand or application to or for any right based upon such status.

(e) Electronic Files. Intermediary acknowledges that if electronic files are to be exchanged under this Agreement, they must conform to the NYSDOL or State policy and guidelines set forth or referenced in Schedule 5. Upon notice of a non-conformity Intermediary will provide corrected electronic files.

(f) No Authorization. Except as expressly permitted by the terms of this Agreement, Intermediary is not authorized to act in the name of, or on behalf of, or otherwise bind NYSDOL.

(g) Iran Divestment Act. Intermediary certifies that it has submitted an executed Iran Divest Act certification to NYSDOL prior to, or at the time of execution of, this Agreement and that it is not on the "Entities Determined To Be Non-Responsive Bidders/Offerers Pursuant to The New York State Iran Divestment Act of 2012" list Prohibited Entities List attached hereto as Appendix I.

(h) Vendor Responsibility. Intermediary certifies that it has submitted to NYSDOL a completed Vendor Responsibility Questionnaire prior to the execution of this Agreement pursuant to Article 11 of the New York State Finance Law.

4.2 NYSDOL's Representations and Warranties

(a) Power and Authority. NYSDOL has the authority and capacity to enter into this Agreement, subject to the written approval of the New York State Attorney General and Office of the New York State Comptroller as set forth herein, and that the signatory on behalf of NYSDOL is duly authorized to execute this Agreement

(b) No Authorization. Except as expressly permitted by the terms of this Agreement, NYSDOL is not authorized to act in the name of, or on behalf of, or otherwise bind Intermediary.

(c) Appropriations. There are sufficient appropriations to make the maximum Outcome Payment required to be paid, if any, pursuant to Article VI of this Agreement from (i) State funds until March 31, 2015 for (x) Phase II and (y) Phase I in

the event the federal Grant is not awarded by USDOL or is awarded and subsequently withdrawn or not funded by USDOL, and (ii) federal Grant funds until September 15, 2014 for Phase I (provided the federal Grant is awarded and is not subsequently withdrawn and is funded by USDOL) (all of the foregoing collectively, the “Appropriations”).

V. OBLIGATIONS AND RESPONSIBILITIES OF THE PARTIES

5.1 Intermediary's Obligations and Responsibilities. Without limiting the generality or effect of any other provision of this Agreement, Intermediary will:

- (a) comply with all requirements of the Grant applicable to Intermediary, endeavor in good faith to deliver the Final Outcomes and use its reasonable efforts to perform its Program Operating Responsibilities, subject in each case to the constraints on resources inherent in the Project;
- (b) in rendering its services hereunder, comply with all Laws applicable to it and its subsidiaries;
- (c) enter into one or more Service Agreements with one or more Service Providers to provide the Interventions. Should Intermediary become aware of a material breach of a Service Agreement, it will use its reasonable efforts to cause Service Provider to remedy the breach or find a replacement Service Provider. Intermediary agrees that any replacement Service Provider must have certified that there were no findings of non-responsibility made against it within the previous four years by any Governmental Authority where such a prior finding of such non-responsibility was due to a violation of New York State Finance Law, Section 139-j or the intentional provision of false or incomplete information to a Governmental Authority. Intermediary acknowledges that any replacement Service Provider is subject to prior, written NYSDOL, DOCCS, Office of the New York State Attorney General and Office of the New York State Comptroller approval pursuant to and in accordance with Article IX (which NYSDOL and DOCCS approval will not be unreasonably withheld or delayed of a replacement Service Provider suggested in good faith by Intermediary);
- (d) cause its initial key personnel for the Project to consist of the following individuals: Tracy Palandjian, Caitlin Reimers and Lara Metcalf. Intermediary will notify NYSDOL of any and all terminations and reassignments, and organizational restructuring of or involving these key personnel at least 30 days prior to the effective date of the change when feasible, and, if not feasible, as soon as possible. NYSDOL will have the right to disapprove any reassignment of these key personnel if NYSDOL reasonably determines that such change would materially adversely affect Intermediary's ability to perform under this Agreement. If the personnel change is unavoidable due to termination or change based on an employee decision (e.g., promotion, transfer, etc.), Intermediary and NYSDOL will select a mutually agreeable replacement (and NYSDOL may not unreasonably withhold or delay its agreement);

(e) use its reasonable efforts to ensure that none of its employees, officers or directors offer or provide a gift of more than nominal value to a public official in violation of the Public Employee Ethics Reform Act of 2007 (Laws 2007, Chapter 14) (“PEERA”), and otherwise comply with PEERA;

(f) submit to NYSDOL proof using a form acceptable to NYSDOL that it (i) has obtained workers compensation insurance coverage, (ii) is self-insured, or (iii) is exempt from the Workers’ Compensation Law requirements to obtain workers’ compensation insurance coverage, and otherwise comply with the requirements set forth in Section 57 of the Workers’ Compensation Law;

(g) submit to NYSDOL proof using a form acceptable to NYSDOL that it (i) has obtained disability insurance coverage, (ii) is self-insured, or (iii) is exempt from the Workers’ Compensation Law requirements to obtain disability insurance coverage, and otherwise comply with the requirements set forth in Section 220(8) of the Workers’ Compensation Law;

(h) comply with the Americans with Disabilities Act, codified at Title 42 of the United States Code, Section 12101 et seq., and associated regulations (including, but not limited to, those located in 28 C.F.R. Part 36), in each case as applicable to Intermediary;

(i) not discriminate, and will ensure that its subsidiaries and subcontractors will not discriminate, against any employee or applicant for employment because of race, creed (religion), color, sex, national origin, sexual orientation, military status, age, disability, predisposing genetic characteristic, marital status or domestic violence victim status, prior criminal conviction or prior arrest, in each case as required by Article 15 of the New York State Executive Law, Sections 290 to 301 (the “Human Rights Law”), and otherwise comply with the Human Rights Law and applicable regulations implemented pursuant to the Human Rights Law;

(j) provide all information that NYSDOL reasonably deems relevant to a determination as to whether Intermediary is a responsible bidder/vendor, including but not limited to unemployment insurance records, public works records, labor standards and safety and health records. If NYSDOL makes a determination of non-responsibility, NYSDOL will notify Intermediary in writing and Intermediary may appeal the determination in writing within 10 days after receipt of such notice to the Commissioner of Labor. Intermediary shall at all times during the term of this Agreement remain responsible. Intermediary agrees, if requested by the Commissioner of Labor or his or her designee, to present evidence of its continuing legal authority to do business in New York State, integrity, experience, ability, prior performance, and organizational and financial capacity;

(k) not utilize any subcontractor that is identified on the Prohibited Entities List. During the term of the Agreement, Intermediary will comply with the New York State Iran Divestment Act of 2012 and should Intermediary become aware that any person (as defined in State Finance Law, Section 165-a) employed or subcontracted by

it is identified on the Prohibited Entities List, Intermediary will immediately notify NYSDOL and will cease all engagements with such subcontractors within 90 days; and

(l) comply with the provisions related to minority and women-owned business enterprise and equal employment opportunity participation pursuant to the MWBE Laws attached hereto as Appendix L.

5.2 NYSDOL's Obligations and Responsibilities. Without limiting the generality or effect of any other provision of this Agreement, NYSDOL will:

(a) with USDOL consent and where NYSDOL deems appropriate, use reasonable efforts to include the Intermediary in all material discussions with USDOL or any other federal regulatory authority regarding the Grant requirements or Outcome determination (whether by telephone or in person), provide Intermediary with copies of any material, non-confidential correspondence or drafts received from USDOL or any other federal regulatory authority with respect to the Grant or Outcome determination, give Intermediary the opportunity to review and comment on the Grant language prior to issuance by the USDOL (subject to USDOL giving NYSDOL the opportunity to review such language prior to issuance) and ensure that the Grant and this Agreement are consistent such that there is a single process for resolving disputes as to the Outcome Payment that includes USDOL;

(b) comply with all requirements of the Grant from USDOL, use reasonable efforts to ensure that the Final Outcomes are achieved and use its reasonable efforts to perform its responsibilities in accordance with Schedule 2, subject in each case to the constraints on resources inherent in the Project, proceed with the Project in the absence of a Grant from the USDOL and make any Outcome Payments when and if required hereunder;

(c) use reasonable efforts to procure for the benefit of Intermediary and any Service Provider any cooperation and assistance reasonably required by Intermediary as contemplated in Schedules 1, 2 and 4;

(d) be responsible for DOCCS' compliance with the Memorandum of Understanding between DOCCS and NYSDOL entered into in connection with this Agreement (the "MOU") and requiring DOCCS to take the actions contemplated to be taken by it in Schedules 1, 2 and 4, a true and correct copy of which has been furnished to Intermediary prior to the date of this Agreement, which may not be amended to be inconsistent with Schedules 1, 2 and 4 without the Intermediary's prior written consent.

(e) enter into a Validator Agreement with a Validator to provide the Determinations. Should NYSDOL become aware of a material breach of a Validator Agreement, it will use its reasonable efforts to cause the Validator to remedy the breach and if such breach is not promptly remedied, promptly find a replacement Validator reasonably acceptable to Intermediary;

(f) obtain Intermediary's written consent prior to amending the Grant Agreement, if such amendment would decrease the amount or likelihood of an Outcome Payment or the timing of the payment thereof, or impose any material obligations on Intermediary, Managing Member or Service Provider that are not contemplated by this Agreement and use reasonable efforts to consult with Intermediary prior to replacing the State PFS Project Manager;

(g) redact both the names and SSN of any employees set forth on any documents submitted by Intermediary to the extent permissible under New York State's Freedom of Information Law (New York State Public Officers' Law Article 6) prior to disclosing such documents to any person pursuant to such Law other than New York State personnel who need to know the names and SSN of such employees in connection with this Agreement;

(h) redact all information regarding the identity or personal information of the Investors provided to NYSDOL to the extent permissible under New York State's Freedom of Information Law (New York State Public Officers' Law Article 6); and

(i) NYSDOL acknowledges that Intermediary has no obligation to furnish to it any information that identifies or would reasonably be expected to identify the individual persons or entities which were or are expected to be Investors (other than those entities previously identified in NYSDOL's application for the Grant).

5.3 Phase II Capital Call. Intermediary currently expects that notices of the capital call for Phase II will be sent to investors or the investors' representative approximately two to three months prior to the 2nd anniversary of the Project Start Date and that investors will have a deadline of approximately 45 days, but no less than 30 days, prior to that anniversary after which the investor will be in default. Intermediary and Managing Member agree to provide information to NYSDOL as promptly as practicable upon becoming aware of facts that might lead to a capital call shortfall for Phase II and will keep NYSDOL promptly apprised of the status of any actions being taken to remedy such a shortfall.

VI. PAYMENT

6.1 Validation and Calculation of Final Outcomes and Outcome Payments. The Parties agree that payment for Final Outcomes is contingent upon the Determinations by the Validator and calculation of Final Outcomes and Outcome Payments in each case in accordance with Schedule 1.

6.2 Maximum Payments Subject to the other provisions of this Article VI, the maximum amount payable by NYSDOL to Managing Member for Outcome Payments is \$21,543,853 of State funds (\$23,000,000 less a total of \$1,456,147 in NYSDOL administrative costs and Validator costs).

6.3 Acknowledgment. Managing Member acknowledges that it will receive no payment from NYSDOL if the outcomes specified in Schedule 1 as being required for payment are not achieved.

6.4 Outcome Payments; Funding of Payments.

(a) Subject to and in accordance with Sections 6.1 and 6.2 and clause (b) below, NYSDOL will make the Phase I Outcome Payment and the Phase II Outcome Payment to Managing Member, which payments will be calculated and become due in accordance with Schedule 1.

(b) The Phase I Outcome Payment will be funded and paid as follows:

(i) NYSDOL will pay Managing Member the Phase I Outcome Payment up to a maximum of \$11,095,000 from Grant funds.

(ii) If the Phase I Outcome Payment due to Managing Member (A) is greater than the Grant Amount or (B) is greater than the funds available under the Grant at the time such payment is due to the extent attributable to (x) differences between the Grant Agreement at such time and this Agreement, including Schedule 1 or (y) Federal funding for the Grant being unavailable due to appropriation or other budget-related failure or (z) the Grant having been withdrawn, then in the case of clause (A) or (B), NYSDOL will supplement the Grant Funds and pay Managing Member the balance of the Phase I Outcome Payment from State funds, up to a maximum of \$11,095,000.

(c) NYSDOL will pay Managing Member the Phase II Outcome Payment that may be due pursuant to Schedule 1, if any, up to a maximum of \$10,448,853 of State funds.

6.5 Electronic Payment. To the extent an Outcome Payment for Phase I is payable in accordance with Schedule 1, NYSDOL will pay the Outcome Payment for Phase I by electronic wire transfer to the bank account designated by Managing Member within 30 calendar days of NYSDOL's receipt of the Outcome Payment from USDOL. Or, with respect to any portion of the Phase I Outcome Payment payable by NYSDOL with state funds, within 30 calendar days of calculation of the Outcome Payment which will take place within 30 calendar days following NYSDOL receipt of the Determination from the Validator with respect to Phase I as specified in Section 2.2 of Schedule 2. To the extent an Outcome Payment for Phase II is payable in accordance with Schedule 1, NYSDOL will so pay the Outcome Payment with respect to Phase II to Managing Member within 30 calendar days of calculation of the Outcome Payment which will take place within 15 calendar days following NYSDOL receipt of the Determination from the Validator as specified in Section 2.2 of Schedule 2. Early Outcome Payments will be paid as specified in Section 8.6 of Schedule 1 and Accelerated Outcome Payments will be paid as specified in Section 12.3 of this Agreement.

6.6 No Third Party Rights. The Parties agree that nothing in this Agreement, including Article VI shall be deemed to create or give to any third party any claim or right of action against NYSDOL.

VII. DATA; CONFIDENTIALITY; PUBLICITY; ACCESS

7.1 Data; Confidentiality. The Parties acknowledge that in the course of the Project, they may disclose to each other certain confidential information and data in order to perform under this Agreement (the “Confidential Information”). The Parties will use their reasonable efforts to label any Confidential Information provided by it to another Party as Confidential. The Parties agree to maintain the confidentiality of such Confidential Information in accordance with sound business practices and the provisions of applicable Law, provided, however, that they may disclose that the Project exists and basic information about how the Project works. Any known or suspected breach of such confidentiality by Intermediary known to the executives of Intermediary shall be immediately reported by Intermediary to NYSDOL. Neither Party will have any obligation to keep confidential any Confidential Information disclosed to it by the other Party if and to the extent disclosure thereof is specifically required by applicable Law; provided, however, that in the event disclosure is required by applicable Law, the disclosing Party will, to the extent reasonably possible, provide the other Party with prompt notice of such requirement prior to making any disclosure. For purposes of this Section 7.1, “Confidential Information” does not include, and there will be no obligation hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement, (ii) becomes generally available to the public (including in any publicly available legislation or legislative action that includes or fails to include any Appropriation) other than as a result of a disclosure not otherwise permissible hereunder, (iii) is subject to disclosure in accordance with New York State Public Officer’s Law Article 6 (the “Freedom of Information Law”), (iv) is listed on Schedule 6 and furnished only to Investors or potential Investors, or (v) is required by Law. NYSDOL will redact and not disclose any information about the identity of the Investors should such information come into NYSDOL’s possession to the extent permissible under New York State’s Freedom of Information Law (New York State Public Officers’ Law Article 6).

The Intermediary expressly acknowledges that information relating to individuals who may receive services under the Project, and their families, constitutes Confidential Information. The Intermediary agrees that it will, and will require its officers, employees, agents and subcontractors, to use, maintain and safeguard any such information obtained in the course of performing Project related services only for authorized Project purposes and in conformity with applicable Law. The Intermediary will comply, and will require its Services Providers to comply, with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa).

Intermediary disclosure of information relating to individuals who may receive services under the Project, and their families, is limited to the reporting of aggregate data, and will not contain any information identifiable to a private person. Aggregate

data for purposes of this Agreement will mean data sets consisting of no fewer than ten (10) individuals.

If Intermediary wishes to disclose individual level information which it believes has been stripped of identifiers or any other information which could result in identification of an individual or family member, Intermediary must submit the proposed disclosure to NYSDOL at least 30 business days prior to the date on which Intermediary wishes to disclose the information to obtain NYSDOL's written approval. NYSDOL will use reasonable efforts to respond to Intermediary within 30 days.

7.2 Publicity. News releases or any other similar public announcements regarding the Project or this Agreement may not be released without prior written approval of NYSDOL; provided, however, that any Party may make any public announcement (1) it believes in good faith is required by law or legal process, in which case it will, if reasonably practicable in the circumstances, use commercially reasonable efforts to consult with the other Party with respect to the timing and content thereof and (2) if the information contained therein is not Confidential Information. Presentations and materials distributed only to potential or current Investors that do not contain information that is materially inconsistent with the private placement memorandum with respect to Investor LLC and the Project ("PPM") will not be subject to this Section 7.2 or Section 7.1. Intermediary will provide NYSDOL with a draft of the PPM and a reasonable opportunity to review and comment prior to distribution of the PPM to potential investors. Intermediary will not be liable for any unauthorized news releases or public statements made by any Investor or other third party.

7.3 Correctional Facility/ Parole Offices/ Personnel. NYSDOL will work with other New York State agencies relevant to the Project as needed to permit Intermediary and any Service Provider and their employees and appointed representatives limited access with an escort, free of charge, during normal business hours, and on reasonable notice to: Queensboro Correctional Facility, NYC parole offices and Rochester parole offices; parole officers having jurisdiction over the Treatment Population Members; and all records related to same (including computerized documents and data) necessary for the purposes of monitoring the Project, its efficacy and such other purposes related to the Project as Intermediary reasonably determines to be necessary. NYSDOL will also work with relevant New York State agencies as needed to have their employees provide such information, answers to questions and explanations as are reasonably required for these purposes within a timeframe and in a form that is mutually agreed between NYSDOL and Intermediary (subject to any applicable confidentiality requirements).

7.4 Data Sharing Agreement. Intermediary will enter into separate data sharing agreement(s) ("Data Sharing Agreements") with (a) NYSDOL in a form consistent with NYSDOL's past practice, (b) with the USDOL Independent Evaluator and/or the Validator and/or the Service Provider, and (c) with other New York or Federal agencies as applicable to the extent required by such entity as a condition to providing information requested by Intermediary in connection with the Project and/or the USDOL Project and/or as required by the Grant in accordance with applicable law. NYSDOL will be responsible for DOCCS compliance with the MOU referenced in Section 5.2(d)

and will use its best efforts to cause other New York State agencies to furnish data required for Intermediary to perform hereunder or the Validator to perform under the Validator Agreement, as needed and subject to any applicable data sharing agreement. Intermediary and DOCCS have entered into a Nondisclosure Agreement in the form attached hereto as Exhibit C.

Upon prior written notice from NYSDOL, Intermediary will provide, and will require the Service Provider to provide, promptly, but in any event within 20 calendar days, data required for NYSDOL to satisfy Grant reporting requirements. Upon prior written notice from NYSDOL, Intermediary further agrees that it will make available, and will require the Service Provider to make available to the USDOL Independent Evaluator, promptly, but in any event within 20 calendar days, data and documents, including access to program operating personnel and participants, as specified by the USDOL and in accordance with any guidelines provided. Intermediary acknowledges that its obligation to cooperate with the USDOL Independent Evaluator shall survive expiration of the Grant.

VIII. MODIFICATION

8.1 Generally. This Agreement may only be amended in writing agreed to and signed by all Parties and approved by the Office of the New York State Attorney General and/or the Office of the New York State Comptroller (“OSC”) as needed (and subject to USDOL approval if required by the Grant). The Parties agree to work cooperatively to modify this Agreement as needed to comply with any Federal Laws, including Federal requirements, policies and guidelines, applicable to the Grant. All such amendments or modifications will use the Modification Agreement Form attached hereto as Appendix M.

8.2 Effect of Data Loss on Outcome Payment. In the event of the occurrence of any circumstance, event or fact that involves the loss or corruption of a material amount of information or data and is reasonably likely to have a material adverse effect on Validator’s ability to make a Determination or the Parties’ ability to calculate an Outcome Payment, the Parties will negotiate in good faith to modify the Outcome Payment calculation in Schedule 1 so that such adverse effect is eliminated or moderated to the extent possible.

IX. SUBCONTRACTING

9.1 Intermediary may subcontract performance of the Interventions (or any part thereof) and enter into a Service Agreement with a Service Provider, either as a supplement to or substitute for the Service Agreement only with the prior, written approval of NYSDOL (and USDOL approval if required under the Grant) and with respect to direct services provided to released offenders, with the approval of DOCCS and OSC, provided that in each such case, NYSDOL, OSC and DOCCS approval will not be unreasonably withheld or delayed. NYSDOL acknowledges that Intermediary will enter into a Service Agreement with Service Provider and any other Service Providers so approved to provide support, in the form attached hereto as Exhibit A, with such

changes as are agreed between Intermediary and Service Provider and have been approved in writing by NYSDOL (which approval will not be unreasonably withheld, delayed or conditioned). In all cases where Intermediary wishes to subcontract its performance of the Interventions, Intermediary must confirm to NYSDOL in writing that the proposed subcontractor is able and willing to be bound by the terms of this Agreement in the same manner as Intermediary and provide NYSDOL with a copy of the proposed subcontract or such other detailed subcontract information requested by NYSDOL. Intermediary will obtain from its subcontractor and provide to NYSDOL all information that NYSDOL reasonably deems relevant to a determination as to whether the subcontractor is a responsible contractor. Any costs incurred by Intermediary in giving effect to the provisions of this Article IX will be borne by Intermediary. Subcontracting any part of this Agreement will not relieve Intermediary of any of its obligations or duties under this Agreement. Intermediary will be and will remain responsible for the acts and omissions of its subcontractors as though such acts and omissions were those of Intermediary. In the event that a new Intermediary replaces SFI pursuant to Section 11.3(c)(i), all outstanding Service Provider agreements with SFI will be assigned to and assumed by the New Intermediary. In the event of an Early Outcome Process pursuant to Section 11.3(c)(ii), such agreements will be assigned to and assumed by Managing Member. In either case of assignment and assumption, following such assignment and assumption, SFI will have no further liability hereunder except pursuant to Article X and Section 17.9, provided, however, that notwithstanding the survival of any such provisions, SFI will have no liability for (i) any acts, omissions or breaches of the replacement Intermediary or (ii) indemnification obligation under Article XIV for facts or circumstances arising after the date of such assignment and assumption.

X. RELATED ENTITIES

10.1 NYSDOL hereby acknowledges that Intermediary has formed the Managing Member to be the sole managing member of a newly formed limited liability company which will receive capital raised from Investors for Project costs throughout the lifetime of the Project. Within two Business Days after an appointment of a New Intermediary pursuant to Section 11.3(c)(i) or the commencement of an Early Outcome Process pursuant to Section 11.3(c)(ii), Intermediary will cause all of its employees and directors to resign as managers, directors, employees, consultants or advisors to Managing Member and will surrender any ownership interest in Managing Member. The governing documents of Managing Member will provide that, in the case of a New Intermediary, that such individuals will be replaced by individuals designated by the New Intermediary and, in the case of an Early Outcome Process, the Investors will appoint one or more managers or employees to serve in that capacity for Managing Member who shall have no relationship to SFI.

10.2 Unless and until SFI has been terminated as a Party pursuant to Article XI, SFI will cause Managing Member to comply with this Agreement and will be responsible for all of its actions related to the Project. NYSDOL will have no obligation to Managing Member hereunder except pursuant to this Agreement following a termination of SFI as Intermediary and Party and pursuant to Article VI.

XI. TERMINATION OF AGREEMENT

11.1 Termination Rights. Subject to Section 11.3 hereof in each case, this Agreement may be terminated with respect to Intermediary, as specified in Section 11.3 and, otherwise, as follows:

- (a) Intermediary Material Breach: By NYSDOL by delivery of written notice to SFI if there is any Material Breach by Intermediary and such breach is not Cured within 60 days after written notice of such breach is given by NYSDOL.
- (b) Non-Responsibility: By NYSDOL upon written notice to Intermediary, and a reasonable opportunity to be heard with NYSDOL officials or staff this Agreement may be terminated by the Commissioner of Labor or his or her designee, if Intermediary is determined by the Commissioner of Labor or his or her designee, at Intermediary's expense as provided in Section 11.3, to be non-responsible. In such event, the Commissioner of Labor or his or her designee may complete the contractual requirements in any manner he or she may deem advisable and in accordance with this Agreement and pursue available legal or equitable remedies for breach.
- (c) Confidentiality Breach: By NYSDOL by prior written notice to Intermediary if NYSDOL determines that there has been a breach of Section 7.1 by Intermediary, its officers, employees, agents or subcontractors (a "Confidentiality Breach") and such breach is not Cured within 10 days after written notice of such breach from NYSDOL.
- (d) Mutual Consent: Automatically upon the written mutual consent of the Parties.
- (e) Bankruptcy: Automatically as to Intermediary upon the filing of a petition in bankruptcy or insolvency by or against Intermediary, and in its entirety in accordance with Section 11.3(c).
- (f) Force Majeure: By NYSDOL or Intermediary by written notice to the other if Force Majeure prevents either Party from performing its material obligations under this Agreement (other than its obligation to pay) for a period in excess of three months.
- (g) Appropriations Failure: By either Party as set forth in Section 12.2.
- (h) Federal Requirement: By either Party (but with respect to Phase I only) by 10 days prior written notice to the other Party if the terminating Party is required to terminate this Agreement under any federal requirements, policies or guidelines applicable to the Grant if the Grant has been awarded ("Federal Requirement").
- (i) Phase I Investor Funds: Notwithstanding any other provision herein, automatically with no further action by any Party, if less than \$6,832,000 in cash is available from the proceeds of the sale of interests in Investor LLC on January 2, 2014.

(j) Phase II Investor Funds; Capital Commitment Shortfall: (i)

Automatically, with respect to Phase II only, if (A) less than \$6,001,000 in cash is available to fund the Phase II Project costs on the second anniversary of the Project Start Date or (B) Investor LLC does not have Capital Commitments for at least \$12,833,000 on or before January 2, 2014 or (ii) by NYSDOL upon delivery of written notice to Intermediary, if (x) \$6,001,000 or more but less than \$6,535,000 in cash is available to fund Phase II Project costs on the second anniversary of the date of the Project Start Date or (y) Investor LLC has capital commitments for more than \$12,833,000 but less than \$13,367,000 on or before January 2, 2014, provided, that, if NYSDOL has elected in its sole discretion not to terminate this Agreement pursuant to this Section 11.1(j)(ii), Phase II services and payments will be scaled down proportionately to the actual cash available or Capital Commitments in effect; provided, further, however, that in no event will a scale down of the program result in a maximum Outcome Payment that implies an internal rate of return on Phase II in excess of 13.2%; provided further, NYSDOL will provide written notice to either terminate or scale down the Phase II Project on or before February 1, 2014. If such cash available is \$6,535,000 or more but less than \$6,668,000 or such Capital Commitments received are \$13,367,000 or more but less than \$13,500,000, the provisions of Section 11.4 will apply. Any termination pursuant to this Section 11.1(j) will apply to Phase II only and the Agreement will continue in full force and effect for Phase I as provided in Section 11.3(b).

(k) NYSDOL Material Breach. By Intermediary by delivery of written

notice to NYSDOL if there is any intentional Material Breach by NYSDOL of any of the identification, randomization, referral or data collection responsibilities of NYSDOL or DOCCS as set forth in Schedule 1 or Schedule 2 and such breach is not Cured within 60 days after written notice of such breach is given by Intermediary or Managing Member. Termination pursuant to this paragraph will result in Early Outcome Process as set forth below in Section 11.3(c)(ii).

For purposes of this Section 11.1, “Cure” means, with respect to a particular set of facts and circumstances constituting a Material Breach, that Party has (i) taken actions such that there is no longer a Material Breach or non-responsibility or taken all steps reasonably necessary that there is no continuing Material Breach or non-responsibility, including by implementing appropriate procedures or controls, or (ii) in the case of a Confidentiality Breach, Intermediary has taken prompt and satisfactory corrective action to remedy a breach of data confidentiality and restore security so as to prevent further breaches. If Intermediary fails to submit a required filing or perform an obligation or responsibility within a time period specified in Section 5.1, Intermediary will be deemed to have Cured such failure or breach if it promptly complies after receiving notice of non-compliance from NYSDOL unless such failure or breach had occurred during the prior 12 months.

11.2 Suspension. The Commissioner of Labor or his or her designee, in his or her sole discretion, reserves the right to suspend any or all activities of Intermediary and/or NYSDOL under this Agreement, at any time, when he or she discovers information that calls into question the responsibility of Intermediary. In the event of such suspension, Intermediary will be given notice outlining the particulars of such

suspension. Upon issuance of such notice, Intermediary must comply with the terms of the suspension order. Intermediary activity may resume at such time as the Commissioner of Labor or his or her designee issues a written notice authorizing the resumption of performance under the Agreement. In the event of such a suspension, the termination right of NYSDOL pursuant to Section 11.1(b) will be exercised with respect to the responsibility issues in question on or before the 90th day after the suspension has commenced

11.3 Effect of Termination.

(a) Upon a termination pursuant to Section 11.1(d) (Mutual Consent) or Section 11.1(i) (Phase I Investor Funds), this Agreement will forthwith have no further force or effect, and no Party, or any of their respective affiliates or any of the members, managers, officers or directors of any of the foregoing, will have any liability of any nature whatsoever under this Agreement, or in connection with the Project.

(b) Upon a termination pursuant to Section 11.1(j) (Phase II Investor Funds; Capital Commitment Shortfall), the Project will continue with respect to Phase I only and any related Outcome Payments will be made for Phase I only, all in accordance with Schedules 1 and 2. With respect to Phase II, this Agreement will forthwith have no further force or effect, and no Party, or any of their respective affiliates or any of the members, managers, officers or directors of any of the foregoing, will have any liability of any nature whatsoever under this Agreement with respect to Phase II, or in connection with the Project with respect to Phase II.

(c) Upon a termination pursuant Section 11.1(a), (Intermediary Material Breach), Section 11.1(b) (Non-Responsibility), Section 11.1(c) (Confidentiality Breach), Section 11.1(e) (Bankruptcy), Section 11.1(f) (Force Majeure) or Section 11.1(h) (Federal Requirement) (each an “Early Outcome Termination”), the steps set forth in Section 11.3(c)(i) and (ii) below will be taken. Termination pursuant to any of the Early Outcome Termination Sections will be effective 90 days after all Cure periods have expired (the “90 Day Period”) and will result in termination of this Agreement in accordance with Section 11.3(c)(i) as to the Intermediary or in its entirety in accordance with Section 11.3(c)(ii), in each case as provided in Sections 11.3(c)(i) and (ii).

(i) New Intermediary. NYSDOL and/or Managing Member may propose an entity or a list of entities to replace SFI as Intermediary as promptly as is practicable and in any event within 45 calendar days of delivery of notice of termination. In the event of termination pursuant to Section 11.1(e) (Bankruptcy), Managing Member will be substituted for SFI as a party to this Agreement pending approval of an entity to replace SFI as specified in this subparagraph. The proposed replacement(s) will be submitted to NYSDOL, USDOL (if the termination occurs during a USDOL Project), the Service Provider, the Investors and the Office of the New York State Comptroller for approval. If one proposed replacement is approved by all of these parties, such entity will replace SFI as Intermediary. If more than one entity is approved by all of these parties, NYSDOL will choose one from among them. The entity so chosen to replace SFI

(the “New Intermediary”) will enter into an agreement with NYSDOL, Managing Member and SFI pursuant to which SFI will assign all of its rights hereunder and the entity will assume all obligations as Intermediary hereunder. The Service Provider Agreement(s) will be automatically assigned to and assumed by the New Intermediary. Upon such assignment, this Agreement will be terminated as to SFI.

(ii) Early Outcome Process. If a New Intermediary has not been approved by NYSDOL, USDOL (if the termination occurs during a USDOL Project) and the Investors on or before the end of the 90 Day Period, the Parties will promptly follow the procedures outlined in Schedule 1 under “Early Outcome Process” (an “Early Outcome Process”) in order to determine whether any Outcome Payment with respect to an Early Outcome Process is due. All activities of parties in the Project cease, other than those that are necessary in order to achieve an Early Outcome Process. If NYSDOL elects to proceed to an Early Outcome Process, after the 90 Day Period, Managing Member will be substituted for SFI as a Party to this Agreement and will have all rights to access and information that the Intermediary has, subject to applicable confidentiality requirements, and may hire advisors at its own expense to monitor the Early Outcome Process and for purposes of this Agreement, the term “Intermediary” will refer to Managing Member. If, pursuant to Schedule 1, no Early Outcome Payment is due, or upon NYSDOL’s payment of an Early Outcome Payment in accordance with this Agreement and Schedule 1, but subject to Section 17.9, this Agreement will forthwith have no further force or effect, and no Party will have any liability of any nature whatsoever under this Agreement.

(d) Upon a termination pursuant to Section 11.1(k) (State Material Breach), the Parties will promptly follow the procedures outlined in Schedule 1 under “Early Outcome Process” and determine if any Outcome Payment with respect to an Early Outcome Process is due. For the avoidance of doubt, this Section 11.3(d) will survive any termination of this Agreement pursuant to Section 11.1(k). If no Early Outcome Payment is due, or upon NYSDOL’s payment of the Early Outcome Payment in accordance with this Agreement and Schedule 1, this Agreement will forthwith become void in its entirety and have no further force or effect, subject to Section 17.9, and no Party, or any of their respective affiliates or any of the members, managers, officers or directors of any of the foregoing, will have any liability of any nature whatsoever under this Agreement.

(e) Upon a termination pursuant to Section 11.1(g) (Appropriation Failure), the Parties will promptly follow the procedures outlined in Section 8.7 of Schedule 1 under “Accelerated Outcome Payment for Non-Appropriation” and determine if any Accelerated Outcome Payment thereunder is due. If no Accelerated Outcome Payment is due, or upon NYSDOL’s payment of the Accelerated Outcome Payment thereunder, this Agreement will forthwith have no further force or effect, subject to Section 17.9, and no Party, or any of their respective affiliates or any of the members, managers, officers or directors of any of the foregoing, will have any liability of any nature whatsoever under this Agreement.

11.4 Program Modification for Capital Raise or Capital Call Shortfall. If (a) \$6,535,000 or more but less than \$6,668,000 in cash is available to fund the Phase II Project costs on the second anniversary of the date of the Project Start Date or (b) Capital Commitments received by Investor LLC are \$13,367,000 or more but less than \$13,500,000 as of the 90th day after the Project Start Date, then the Parties will negotiate in good faith to either scale down Phase II services and payments or find ways to cut costs from Phase II so that the shortfall is funded, provided, however, that in no event will a scale down of the program result in a maximum Outcome Payment that implies an internal rate of return on Phase II in excess of 13.2%.

11.5 Transfer of Information to New Intermediary. Upon a termination of this Agreement as to Intermediary and appointment of a New Intermediary, SFI will make available to the New Intermediary all information in its possession that is reasonably required by New Intermediary to perform as Intermediary after such appointment, subject to New Intermediary execution of separate data sharing agreements with NYSDOL and/or DOCCS as needed.

11.6 Return of Information and Materials. Following a termination or expiration of this Agreement, each Party will:

(a) immediately return to the other Party all Confidential Information in its possession or in the possession or under the control of a Service Provider or any of its employees, which relates to the Project and/or USDOL Project;

(b) immediately deliver to the other Party all property (including materials, documents and information) provided by the other Party for the purposes of this Agreement, provided, however, that each Party will be entitled to retain copies of such documentation as is reasonably necessary to resolve any disputes under this Agreement; and

(c) promptly provide all information concerning the subject matter of this Agreement which may reasonably be requested by the other Party for the purposes of adequately understanding the manner in which the Interventions have been delivered or the Individual, Population, or Final Outcomes measured or the performance of any of such Party's obligations under this Agreement.

11.7 Conditions to Outcome Payments. NYSDOL will only be responsible for payment of a Phase I Outcome Payment, upon (1) a Determination with respect thereto, (2) calculation of Final Outcomes with respect to Phase I that establish that a Final Outcome's Minimum Performance Threshold has been met or exceeded for that Final Outcome's Public Sector Benefits to become available for Outcome Payment in accordance with Schedule 1, and (3) receipt of federal funds from USDOL to make such Outcome Payment, unless NYSDOL is required to supplement such funds in accordance with Section 6.4(b)(ii). NYSDOL will only be responsible for payment of a Phase II Outcome Payment upon (1) a Determination with respect thereto and (2) calculation of Final Outcomes with respect to Phase II that establish that a Final Outcome's Minimum Performance Threshold has been met or exceeded for that Final

Outcome's Public Sector Benefits to become available for Outcome Payment in accordance with Schedule 1. In no event will NYSDOL be liable for expenses and obligations arising from any services performed by Intermediary except for payment of Outcome Payments, if any, that are required to be paid under this Agreement.

XII. APPROPRIATIONS

12.1 Efforts to Obtain Appropriation. NYSDOL will use its reasonable efforts to obtain legislative approval for sufficient Appropriations to make the Outcome Payment(s) required to be paid, if any, pursuant to Article VI, including the appropriation of (i) Federal funds (provided that the federal Grant awarded is not subsequently withdrawn by USDOL), and (ii) State general funds to the extent necessary as required under Article VI. NYSDOL will keep Intermediary reasonably informed of the progress or lack thereof in obtaining such Appropriations.

12.2 Accelerated Outcome Process. An "Appropriation Failure" means that a New York State enacted budget for the 14/15, 15/16, 16/17, 17/18, and 18/19 State fiscal years does not contain sufficient Appropriations by July 1 of each of those fiscal years to make the Outcome Payment that is required to be paid, if any, pursuant to Article VI of this Agreement. In the case of an Appropriation Failure, either Party may, by written notice to the other, terminate this Agreement pursuant to Section 11.1(g) of this Agreement and request an Accelerated Outcome Process to see whether an Accelerated Outcome Payment is due, provided such written notice is received by July 15th of the fiscal year in which an Appropriation Failure occurs. Upon receipt of such a notice terminating this Agreement pursuant to Section 11.1(g) of this Agreement all Service Provider activities shall immediately cease and the Parties will promptly follow the procedures outlined in Section 8.7 of Schedule 1 of this Agreement under "Accelerated Outcome Process" to determine if any Accelerated Outcome Payment with respect to an Accelerated Outcome Process in accordance with Section 8.7 of Schedule 1 is due. It is understood by the Parties that NYSDOL's liability to pay the Accelerated Outcome Payment associated with an Appropriation Failure, if any, due in accordance with Section 8.7 of Schedule 1 to this Agreement, arose as of the date this Agreement was approved by the Office of the State Comptroller. If no Accelerated Outcome Payment is due pursuant to Section 8.7 of Schedule 1, or upon NYSDOL's payment of the Accelerated Outcome Payment in accordance with Section 8.7 of Schedule 1, but subject to Section 17.9, this Agreement will forthwith have no further force or effect, and no Party, or any of their respective affiliates or any of the members, managers, officers or directors of any of the foregoing, will have any liability of any nature whatsoever under this Agreement.

12.3 Payment of Accelerated Outcome Payment. The Accelerated Outcome Payment will be paid to Managing Member no later than close of business on September 15 of the applicable fiscal year.

12.4 Partial Appropriation Failure. In the event an enacted budget for the state fiscal years referred to in Section 12.1 above only contains an Appropriation sufficient to fund Phase I, then Phase I will continue without an Accelerated Outcome Process and

any termination of this Agreement pursuant to Section 11.1(g) will be only as to Phase II, provided that Phase II has not been terminated in accordance with any of the other provisions set forth in Article XI.

12.5 Federal Grant Funds Appropriations. In the event that of an Appropriations Failure with respect to the New York State Appropriation for federal Grant funds, NYSDOL will fund any Outcome Payments that would have been payable but for such Appropriations Failure out of any available New York State appropriation for pay-for-success programs and Phase I will continue without an Accelerated Outcome Process.

XIII. DISPUTE RESOLUTION

13.1 Disputes Regarding Validator Determinations and Certain State Obligations

(a) If either Intermediary or NYSDOL disputes a Determination or Intermediary asserts that NYSDOL is in breach of any of Sections 5.2(b), (c), (d), or (f) or Article XII, Intermediary and NYSDOL will make good faith efforts to amicably settle the dispute, in the case of a Validator Determination dispute, with the assistance of the Validator, including meeting with their respective representatives to diligently attempt to reach a mutually satisfactory result. In the event of a dispute, Intermediary and NYSDOL will continue to fulfill their performance obligations under the Agreement not subject to dispute (but may suspend compliance with any obligations that are the subject of the dispute), provided, however, that, to the extent the continued performance without resolution of the Determination dispute would have an adverse effect on a Party, such Party will not be required to continue to fulfill its performance obligations until the Determination dispute has been resolved.

(b) If the dispute cannot be settled through negotiation within a period of 30 days, then a panel of reputable individuals with knowledge and expertise, will be assembled as follows:

(i) Intermediary and NYSDOL will each appoint an individual meeting such qualifications as their "Representative".

(ii) The two Representatives will jointly agree on a third Representative. These three Representatives, jointly, the Dispute Resolution Panel (the "Panel") will provide their services on a pro-bono basis.

(iii) The Parties and, in the case of a Validator Determination dispute, the Validator will each deliver a brief (20 page maximum) summarizing their arguments to the Panel. The Panel will review the briefs and may elect to send a written list of follow-up questions to the Parties and the Validator, as applicable, for clarification. There will be no witness testimony or discovery.

(iv) After consultation amongst the Panel members, each member of the Panel will write an advisory, non-binding opinion based on his/her finding. The Panel deliberations will be confidential. However, the written advisory, non-binding opinions of the Panel will be disclosed to the Parties but will not be used in any judicial proceeding.

(c) Subsequent to the issuance of the advisory non-binding opinions, the Parties will make a good faith attempt to resolve the dispute. If the dispute cannot be resolved within a period of 20 days, any party may seek resolution of the dispute in the New York Court of Claims or in a federal court of competent jurisdiction in New York State.

13.2 General Dispute Resolution.

(a) The Parties agree to work cooperatively together to implement this Agreement and the Project. If a dispute arises out of or relates to this Agreement, or the breach thereof other than any dispute related to a Determination, the Parties agree to first try in good faith to settle the dispute through negotiation. If the dispute cannot be settled through negotiation, the State PFS Project Manager will notify the Intermediary's Project Manager of the dispute. In the event the Intermediary has any disputes with the State, the Intermediary will notify the State PFS Project Manager. Such notification will hereinafter be referred to as a "Notice of Conflict". If either Party notifies the other of such dispute or dissatisfaction, the Party receiving the notification will then make good faith efforts to amicably resolve the problem or settle the dispute, including meeting with the notifying Party's representatives to diligently attempt to reach a mutually satisfactory result. In the event of a dispute, the Parties will continue to fulfill their performance obligations under the Agreement not subject to dispute (but may suspend compliance with any obligations that are the subject of the dispute), provided, however, that, to the extent the continued performance without resolution of such dispute would have an adverse effect on a Party, such Party will not be required to continue to fulfill its performance obligations until such dispute has been resolved. The Parties will have 20 calendar days from the date the Notice of Conflict is submitted to resolve the dispute.

(b) If the designated State PFS Project Manager and the Intermediary's Project Manager are unable to resolve the dispute or reach a mutually satisfactory result within 20 calendar days from the date of the Notice of Conflict or written notification, the area of disagreement will be referred to the appropriate executive level within each organization in order to resolve the issue. The appropriate executive level for the State will be the Commissioner of Labor or his/her designee. The appropriate executive level for the Intermediary will be the Chief Executive Officer. These parties will have 30 calendar days from the date the issue was brought before them to reach a mutually satisfactory solution.

(c) Nothing will limit either Party's ability to pursue all legal remedies. If the Parties are unable to amicably resolve the dispute after the steps described above, then either Party may seek legal or equitable relief in the New York Court of Claims or in a federal court of competent jurisdiction in New York State.

XIV. INDEMNIFICATION AND INSURANCE

14.1 Indemnification. Intermediary will be solely responsible and answerable in damages without monetary limitation for any and all accidents and/or injuries to persons (including death) or real or tangible personal property or intellectual property arising out of or related to the services to be rendered by Intermediary and/or its officers, agents, employees, or subcontractors pursuant to this Agreement. Intermediary will indemnify, and hold harmless NYSDOL, USDOL, and their respective officers, agents, and employees from liability of any nature or kind, including costs and expenses, for or on account of any claims, suits, actions, and damages of every name or description relating to or in any way arising out of the provision of services pursuant to this Agreement. In no event will Intermediary be responsible for any losses, claims, damages, liabilities or expenses pursuant to the preceding two sentences determined by a final judgment of a court of competent jurisdiction to be caused by the willful misconduct or gross negligence of the State of New York or any of their respective officers, agents, and employees.

14.2 Limitations on Payments. NYSDOL is not liable under this Agreement to pay any sum to Managing Member under the Project or from the Grant except as set forth in Article VI. NYSDOL will not be liable under this Agreement to pay any sum to Intermediary which was claimable under insurance held by Intermediary under, and in respect of which Intermediary failed to make a claim, or has failed to make a claim in accordance with the procedural requirements of the relevant insurance policy.

14.3 No Indirect or Consequential Losses. In no event will a Party be liable to the other for loss of profits, business, revenue, goodwill, loss of savings (whether anticipated or otherwise), or indirect or consequential loss or damage.

14.4 Insurance. Intermediary agrees to obtain, and maintain in effect, a general policy of liability insurance with minimum limits of coverage in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Intermediary will provide NYSDOL with a certificate of insurance naming the State of New York as an additional insured.

XV. FORCE MAJEURE

15.1 Delays or Failures to Perform due to Force Majeure. Neither Party will be liable or deemed to be in default for any delay or failure or omission to carry out, perform, or observe any of the terms or conditions of this Agreement to the extent such failure or omission is directly due to Force Majeure, unless such act is solely due to the negligence of such Party.

15.2 Reasonable Efforts. Notwithstanding the foregoing, each Party will use all reasonable efforts to continue to perform its obligations under this Agreement for the duration of such Force Majeure.

15.3 Service Provider; Validator. Any failure or delay by Intermediary in performing its obligations under this Agreement which results from any failure or delay

by a Service Provider will be regarded as due to Force Majeure only if such Service Provider is itself impeded by Force Majeure from complying with an obligation to Intermediary. Any failure or delay by NYSDOL in performing its obligations under this Agreement which results from any failure or delay by the Validator will be regarded as due to Force Majeure only if the Validator is itself impeded by Force Majeure from complying with an obligation to NYSDOL. However, if such Force Majeure prevents either party from performing its material obligations under this Agreement for a period in excess of three months, either party may terminate this Agreement with immediate effect by notice in writing to the other party in accordance with Section 16.1.

15.4 Notification of Force Majeure. If either Party becomes aware of Force Majeure which gives rise to, or is likely to give rise to, any failure or delay on its part as described in Article XV it will immediately notify the other Party by the most expeditious method then available and will inform the other Party of the period for which it is estimated that such failure or delay will continue.

XVI. NOTICES

16.1 Notices. All notices and other communications among the Parties will be in writing and will be deemed to have been duly given (a) when delivered in person, (b) five days after posting in the United States mail having been sent registered or certified mail return receipt requested, (c) when delivered by FedEx or other nationally recognized overnight delivery service, or (d) when delivered by fax or email and promptly confirmed by delivery in person or by post or overnight courier as aforesaid in each case, with postage prepaid, addressed as follows:

In the case of NYSDOL to:

New York State Department of Labor
State Office Campus
Building 12 Room 509
Albany, NY 12240
Attention: Pico Ben-Amotz, Acting Counsel,
Email: Pico.Ben-Amotz@labor.ny.gov
Fax: 518-485-1819

with a copy (which will not constitute notice) to:

New York State Department of Labor
State Office Campus
Building 12 Room 516
Albany, NY 12240
Attention: Roger Bailie, Director of Finance,
Email: Roger.Bailie@labor.ny.gov
Fax: 518-457-2647

In the case of Intermediary and Managing Member to:

Social Finance, Inc.
77 Summer Street
2nd Floor
Boston, MA 02110
Fax: [_____]
Attention: Caitlin Reimers Brumme
Email: creimers@socialfinanceus.org

with a copy (which will not constitute notice) to:

Jones Day
222 E. 41st Street
New York, NY 10017
Fax: 212 755 7306
Attention: Marilyn W. Sonnie
Email: mwsonnie@jonesday.com

or to such other address or addresses as the parties, including any replacement Intermediary hereunder, may from time to time designate in writing.

XVII. GENERAL CONDITIONS

17.1 Incorporation of Appendices, Schedules and Exhibits. The following documents attached hereto constitute the entire Agreement between the Parties, and Appendices A, B (if a Grant is awarded) and F through L are incorporated herein by this reference except to the extent superseded by subsequent amendments or agreements and not being part of this Agreement. In the event of any discrepancy, disagreement or ambiguity among any of the terms of this Agreement, including any Appendix or Schedule, preference will be given in the following order (with Appendix A being given highest preference) to interpret and to resolve such discrepancy, disagreement or ambiguity:

- Appendix A – Standard Clauses for All New York State Contracts
- Appendix B – Grant Agreement between NYSDOL and USDOL including the Project Budget, NYSDOL's Application and the Pay For Success Partnership Agreement (as modified in accordance with this Agreement) and any federal guidelines issued relating to the Grant
- Appendix C – SGA/DFA PY 11-13, Notice of Availability of Funds and Solicitation for Grant Application for Pay for Success Pilot Projects
- Appendix D – Request for Proposals, Pay for Success Pilot Project Employing High Risk Formerly Incarcerated Individuals
- Appendix E – Response to NYSDOL Request for Proposals for Pay for Success Pilot Project

- Appendix F – State and Federal Certifications
- Appendix G – Form EEO 100, Workforce Staffing Plan and Form EEO 101, Workforce Report
- Appendix H – Form MWBE 100, Utilization Plan, Form MWBE 101, Request for Waiver and Form MWBE 102, Quarterly Report
- Appendix I – Prohibited Entities List of 2012
- Appendix J – Intentionally Omitted
- Appendix K – Intentionally Omitted
- Appendix L – MWBE EEO Requirements
- Appendix M – Modification Agreement Form
- Appendix N – Index of Defined Terms
- Schedule 1 – Measurement and Calculation of Outcomes; Payment
- Schedule 2 – Program Operating Responsibilities
- Schedule 3 – Intentionally Omitted
- Schedule 4 - Governance
- Schedule 5 – Electronic Deliveries Protocol
- Schedule 6 – Information for Investors
- Exhibit A – Form of Services Agreement
- Exhibit B – Form of Validator Agreement
- Exhibit C – Form of DOCCS Nondisclosure Agreement
- Chart 1 – Sex Offender Penal Law Exclusions

17.2 Entire Agreement. This Agreement (including the Schedules, Exhibits and Appendices hereto) and the Grant Agreement, if NYSDOL is awarded the Grant, constitutes the entire agreement between the Parties hereto and no statement, promise, condition, understanding, inducement, or representation, oral or written, expressed or implied, which is not contained herein will be binding or valid, and this Agreement may not be changed, modified, or altered in any manner except by an instrument in writing executed by both Parties hereto.

17.3 Captions: The captions contained in this Agreement are intended for convenience and reference purposes only and do not modify or restrict any provision herein.

17.4 Ownership of Materials. All materials developed with funding provided by the State and all proposals, work plans and budget become the property of New York State. All materials produced, either in whole or in part, through funding provided by New York State will belong exclusively to NYSDOL and to the State of New York. NYSDOL may use any of the materials developed with Project funds for any NYSDOL or other State purpose and may also make such materials available for any USDOL or federal purpose.

17.5 Access to Records. Intermediary will grant access to NYSDOL, USDOL, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the Intermediary which are directly pertinent to this Agreement for the purpose of inspection, audit and copying. Intermediary will cooperate fully with any audit or investigation that NYSDOL, USDOL, the Comptroller General of the United States or their representative may conduct and to provide records as required to these entities. If Intermediary fails to cooperate, the New York State Attorney General, the New York State Comptroller, NYSDOL, USDOL, the Comptroller General of the United States, or any of their duly authorized representatives may take possession of all books, records and documents relating to this Agreement without prior notice to Intermediary. NYSDOL will return to Intermediary all such books, records or documents provided to, or taken possession by NYSDOL, upon completion of the official purposes for which they were provided or taken.

17.6 Remedies Cumulative. Except as otherwise expressly provided by this Agreement, all remedies available to Intermediary or NYSDOL for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy will not exclude the exercise of any other remedy. Intermediary understands and agrees that all rights and remedies described herein are in addition to all remedies or actions otherwise authorized or permitted by law, including but not limited to the State's "Set-Off Rights" and "Records" provisions contained in Appendix A of this Agreement (Standard Clauses for New York State Contracts). Notwithstanding any other provision of this Agreement, no Party will be entitled to recover compensation or make a claim under this Agreement in respect of any loss that it has incurred to the extent that it has already been compensated in respect of that loss pursuant to this Agreement or otherwise by the other Party.

17.7 Non-Waiver. The failure of either Party to exercise any right or to require strict performance of any provision will not waive or diminish such Party's right thereafter to exercise such right or to require strict performance of any provision nor will a waiver of any breach or default of the Agreement constitute a waiver of any subsequent breach or default or a waiver of the provision itself. No waiver of any of the provisions of this Agreement will be binding unless executed in writing by the Party making the waiver.

17.8 Severability. In the event that any one or more of the provisions of this Agreement shall for any reason be declared unenforceable under the laws or regulations in force, such provision will not have any effect on the validity of the remainder of this Agreement, which will then be construed as if such unenforceable provision had never been written or was never contained in this Agreement.

17.9 Survival of Covenants, Representations and Warranties. Except for Sections 7.1, 7.2, 7.4 and Articles VI, XI, XIII, IX and XIV (each of which will survive any termination or expiration of this Agreement until all obligations and disputes thereunder have been satisfied or resolved in accordance with their terms and the terms of this Agreement), no covenants, representations, and warranties of the Parties will survive the termination or expiration of this Agreement.

17.10 Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of New York.

17.11 Conditions Precedent. This Agreement will not be deemed executed, valid, or binding unless and until approved in writing by the New York State Attorney General and the Office of the New York State Comptroller.

17.12 Executory Clause. With respect to the USDOL Project, this Agreement will be deemed executory to the extent that money remains available to NYSDOL from USDOL for performance of the terms hereof and no liability on account thereof will be incurred by the State of New York beyond Federal moneys appropriated and available for purposes of the USDOL Project.

17.13 Costs. Each party will bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the performance by it hereunder.

17.14 Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered will constitute an original but all counterparts together will constitute one and the same instrument.

By execution of this Agreement, the Parties agree to the terms and conditions of this Agreement.

New York State Department of Labor By: _____ Name: _____ Title: _____	State Agency Certification: In addition to the Acceptance of this contract, I also certify that original Copies of this signature page will be attached to all Other exact copies of this contract.
Social Finance, Inc. By: _____ Name: _____ Title: _____	Notary Public: State of New York County of _____ On the _____ day of _____, 20_____, before me personally appeared _____ to me known, who being by me duly sworn, did depose and say that he/she resides at _____ that he/she is the _____ of the _____ the corporation described herein which executed the foregoing instrument; and the he/she signed his/her name thereto by authority of the board of directors or said corporation. (Notary) _____
Social Finance NY State Workforce Re-Entry 2013 Manager, Inc. By: _____ Name: _____ Title: _____	Notary Public: State of New York County of _____ On the _____ day of _____, 20_____, before me personally appeared _____ to me known, who being by me duly sworn, did depose and say that he/she resides at _____ that he/she is the _____ of the _____ the corporation described herein which executed the foregoing instrument; and the he/she signed his/her name thereto by authority of the board of directors or said corporation. (Notary) _____
Attorney General:	Office of the State Comptroller:

Appendix N – Index of Defined Terms

1. **“90 Day Period”** has the meaning given such term in Section 11.3(c) of the Agreement.
2. **“Accelerated Outcome Payment”** means any payment paid by NYSDOL to Managing Member pursuant to Article XII of the Agreement.
3. **“Accelerated Outcome Process”** means the procedures outlined in Schedule 1, Section 8.7 in order to determine whether any Accelerated Outcome Payment with respect to an Accelerated Outcome Process is due.
4. **“Admission Date”** means the date of the onset of an individual’s incarceration in Prison.
5. **“Admitted” or “Admission”** means the onset of an individual’s incarceration in Prison.
6. **“Agreement”** has the meaning given such term in the Preamble to the Agreement.
7. **“Alternative Measurement Approach”** has the meaning given such term in the first paragraph of Appendix 2 to Schedule 1, and is further described in Table 10 of Schedule 1.
8. **“Alternative Population Employment Outcome”** means the weighted average of Historical Population Employment Outcomes and Population Employment Outcomes in the case of an Insufficient Enrollment Difference, as outlined in Table 10 of Appendix 2 of Schedule 1, which will be used for Determination and calculation of Final Outcomes and Outcome Payment, in accordance with Articles VII and VIII of Schedule 1.
9. **“Alternative Population Recidivism Outcome”** means the weighted average of Historical Population Recidivism Outcomes and Population Recidivism Outcomes in the case of an Insufficient Enrollment Difference, as outlined in Table 10 of Appendix 2 of Schedule 1, which will be used for Determination and calculation of Final Outcomes and Outcome Payment, in accordance with Articles VII and VIII of Schedule 1.
10. **“AOP Date”** has the meaning given such term in Schedule 1, Section 8.7(a)(iii).
11. **“Arrival Report”** means the first report date of the offender, which usually occurs within 24 hours after his official release. At the Arrival Report, the offender meets with the duty officer, who will review his program, residence, employment, treatment, conditions of release and schedule the next report date with the assigned parole officer.

12. "Appropriation Failure" has the meaning given such term in Section 12.2 of the Agreement.
13. "Appropriations" has the meaning given such term in Section 4.2(c) of the Agreement.
14. "Average Hours Worked" has the meaning given such term in Schedule 1, Section 6.4(c).
15. "Baseline File" has the meaning given such term in step 1.c of Appendix 2 to Schedule 1.
16. "Baseline Population" has the meaning given such term in the first paragraph of Appendix 2 to Schedule 1, and is further described in step 1.c of Appendix 2 to Schedule 1].
17. "Baseline Population Member(s)" has the meaning given such term in the section "Historical Baseline Approach" in Appendix 2 to Schedule 1.
18. "Bed Days" means the sum of the Jail Bed Days, Prison Bed Days and Remaining Bed Days, collectively, within the Observation Period.
19. "Beginning Date" means the date an individual is placed into the custody of a Jail pursuant to a Violation Warrant or pending the outcome of a criminal prosecution.
20. "Bureau" means the geographically defined unit consisting of staff responsible for the Community Supervision of individuals within the confines of that geography.
21. "Business Day" means a day other than a Saturday, Sunday or other day on which New York State governmental offices or commercial banks in New York, New York are authorized or required by Law to close.
22. "Caliper" means the maximum difference between the LPS of a Treatment Population Member and the LPS of a Baseline Population Member allowable in order for the Baseline Population Member to be considered a potentially valid match for the purposes of steps 1-5 of Appendix 2 to Schedule 1.
23. "Capital Commitments" mean binding subscriptions to purchase membership interests in Investor LLC in connection with the PFS Project.
24. "Capped Period" means the time period from the Project Start Date until the 12th month anniversary of the Project Start Date.
25. "Change Management Process" means the process as further set forth in Schedule 4, Article III.

26. "Change Summary Report" means a summary report prepared by the Management Committee regarding decisions on each Project Change Request considered.
27. "CMS" has the meaning given such term in Schedule 2, Section 3.5.
28. "Community Supervision" means following a period of incarceration, the term an offender serves in the community under the supervision of a parole officer.
29. "COMPAS Risk Assessment Tool" means the multivariate model used by DOCCS to predict recidivism risk and to determine need for each offender.
30. "COMPAS Supervision Level" means the outcome of the COMPAS Risk Assessment Tool, which assists in determining the intensity of supervision and management of the criminogenic and stabilization needs.
31. "Confidential Information" has the meaning given such term in Section 7.1 of the Agreement.
32. "Confidentiality Breach" has the meaning given such term in Section 11.1(c) of the Agreement.
33. "Contact Information" means all information which the parole officer collects and that could be used to reach a PFS Participant, including but not limited to, all known or last known home addresses, home phone numbers, mobile numbers, or relatives' home addresses or relatives' phone numbers, place of employment or program that allows an offender to receive calls.
34. For purposes of PARTICIPATION BY MINORITY GROUP MEMBERS AND WOMEN WITH RESPECT TO STATE CONTRACTS: REQUIREMENTS AND PROCEDURES in Appendix L to the Agreement, "Contract or "contract" means this Agreement.
35. "Control Population" or "Control Population Member(s)" has the meaning given such term in Schedule 2, Section 3.2(b)(ii).
36. "Covariate Variables" means the variables specified in Appendix 2 of Schedule 2 required for measuring the Population Outcomes as described in Schedule 1.
37. "Cure" has the meaning given such term in Section 11.1 of the Agreement.
38. "Data Sharing Agreement" has the meaning given such term in Section 7.4 of the Agreement.
39. "DCJS" has the meaning given such term in Schedule 2, Section 3.3(a).
40. "Determination" means the certification of Population Outcomes by the Validator by (1) reviewing the final collection and assessment of individual-level data, as

outlined in Schedule 1, Article III and Article V, and (2) verifying that the Project's agreed-upon methodology for calculating Population Outcomes, as outlined in Schedule 1, Article VI was followed in accordance with Article VII.

41. "Discharge" means the successful completion of an offender's term of Community Supervision.
42. "DOCCS" has the meaning given such term in the Recital to the Agreement.
43. "DOCCS Admissions File" means the file used in routine reporting of all Admissions to Prison.
44. "DOCCS Data Systems" means all data systems required to generate the Randomization List, capture the Covariate Variables, and measure the number of Jail Bed Days, Prison Bed Days, and Remaining Sentence.
45. "DOCCS Operations" means the unit responsible for overseeing all Community Supervision field staff and activities.
46. "DOCCS Programs" means the Department of Corrections and Community Supervision's Office of Program Services.
47. "DOCCS Releases File" means the file used in routine reporting of all Releases from Prison.
48. "DOCCS Research" means Department of Corrections and Community Supervision's Division of Program Planning, Research, and Evaluation.
49. "DOCCS SRP 500 File" means the snapshot file used in routine reporting of those under Community Supervision.
50. "DOCCS Undercustody File" means the snapshot file used in routine reporting of those under custody in Prison.
51. "DOCCS Violators File" means the file used in routine reporting of Parole Violation Warrants tracked through the Violation Process.
52. "Early Outcome Payment" means any payment paid by NYSDOL to Managing Member pursuant to Schedule 1, Section 8.6.
53. "Early Outcome Process" has the meaning given such term in Section 11.3(c)(ii) of the Agreement.
54. "Early Outcome Termination" has the meaning given such term in Section 11.3(c) of the Agreement.
55. "Early Outcome Termination Date" has the meaning specified in Schedule 1, Section 8.6(a).

56. "Eligible Individuals" has the meaning given such term in Schedule 2, Section 3.2(a).
57. "Employed" means any Population Member with any earnings wages, or pay from employment during any quarter after the Member's Event Date, whether such employment is through the Service Provider or another employer.
58. "Employment Data" has the meaning given such term in Schedule 1, Section 3.2(d).
59. "Enrollment" or "Enrolled" means a Population Member that signs in during Service Provider orientation on the orientation date.
60. "Enrollment Difference" has the meaning given such term in the first paragraph of Appendix 2 to Schedule 1.
61. "Event Date" means the individual's actual first Release Date after Randomization.
62. "Event Quarter" means the calendar quarter during which the Event Date occurs.
63. "Federal Requirement" has the meaning given such term in Section 11.1(h) of the Agreement.
64. "Final Employment Outcome(s)" means the Population Employment Outcome adjusted for Population Members without SSN, as given such term in Schedule 1, Section 8.3 and that will be used to determine the Outcome Payment.
65. "Final Outcome(s)" means Final Recidivism Outcome(s), Final Transitional Job Outcome(s) and Final Employment Outcome(s), or any of them, whether paid at the end of Phase I or Phase II, or in connection with an Early Outcome Process or an Accelerated Outcome Process.
66. "Final Recidivism Outcome(s)" means the Population Recidivism Outcome multiplied by the Scaling Factor, as given such term in Schedule 1, Section 8.2, and that will be used to determine the Outcome Payment.
67. "Final Transitional Job Outcome(s)" means the Population Transitional Job Outcome, as given such term in Schedule 1, Section 6.4, which will be used to determine the Outcome Payment.
68. "Force Majeure" means any event or occurrence which is outside the reasonable control of the Party concerned and which is not attributable to any act or failure to take preventative action by that Party, including fire; flood; lightning, violent storm; pestilence; explosion; malicious damage; armed conflict; acts of terrorism; nuclear, biological or chemical warfare; acts of God or any other disaster natural or man-made, or similar cause beyond the reasonable control of the Party affected thereby.

69. "Freedom of Information Law" has the meaning given such term in Section 7.1 of the Agreement.
70. "Governance" means the guidelines and procedures for implementing this Agreement as are set forth in Schedule 4.
71. "Governmental Authority" means any (i) federal, state, local or municipal governmental authority, quasi-governmental authority of any nature or any political subdivision thereof (including any taxing authority, agency, branch, board, department, commission, bureau, official, or entity and any court, arbitral body or other tribunal); or (ii) body entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature (including stock exchanges and other self-regulatory bodies).
72. "Grant" has the meaning given such term in the Recital to the Agreement.
73. "Grant Agreement" means the document containing the terms of the Grant, attached to the Agreement at Appendix B and Appendix C, including any modifications thereto that are approved by NYSDOL, USDOL and, if Intermediary's consent is required by Section 5.2(f) of the Agreement, Intermediary.
74. "Grant Notification Date" means the date on which the USDOL notifies NYSDOL that the Grant has been, or will not be, awarded to NYSDOL.
75. "Group I" means all Population Members assigned to the Treatment or Control Populations during Phase I.
76. "Group II" means all Population Members assigned to the Treatment or Control Populations during Phase II.
77. "Historical Baseline Approach" has the meaning given such term in the first paragraph of Appendix 2 to Schedule 1 and is further described in steps 1-5 of Appendix 2 to Schedule 1.
78. "Historical Population Employment Outcome" means the TSLS estimate () based on Individual Employment Outcomes of the Treatment Population and Baseline Population, as outlined in step 5 of Appendix 2 of Schedule 1.
79. "Historical Population Recidivism Outcome" means the TSLS estimate () based on Individual Recidivism Outcomes of the Treatment Population and Baseline Population, as outlined in step 5 of Appendix 2 of Schedule 1.
80. "Historical Sample File" means the file described in step 1a of Appendix 2 to Schedule 1.
81. "Historical Sample Member(s)" has the meaning given such term in step 1a of Appendix 2 to Schedule 1.

82. "Human Rights Law" has the meaning given such term in Section 5.1(i) of the Agreement.
83. "Implied Total Impact Per Month" means the number of PFS Participants with Months Observed [N] multiplied by the respective Preset Cumulative Bed Day Impact.
84. "Individual Employment Outcome(s)" has the meaning given such term in Schedule 1, Section 5.4(a).
85. "Individual Outcome(s)" has the meaning given such term in Schedule 1, Section 5.1.
86. "Individual Recidivism Outcome(s)" has the meaning given such term in Schedule 1, Section 5.5(a).
87. "Individual Transitional Job Outcome(s)" means a binary indication of whether a PFS Participant engaged in a Transitional Job.
88. "Individual Weight" means the factor applied to a Population Member when calculating the ITT and IV estimates and Take-Up Rates, as specified in Schedule 1, Sections 6.5 – 6.7.
89. "Insufficient Enrollment Difference" has the meaning given such term in Schedule 1, Section 6.8.
90. "Intermediary" has the meaning given such term in the Preamble to the Agreement.
91. "Intermediary's Project Manager" means the project manager designated by Intermediary prior to, or at the time of, execution of this Agreement or any replacement project manager appointed by Intermediary.
92. "Intervention Data" has the meaning given such term in Schedule 1, Section 3.2(c).
93. "Interventions" means the provision of evidence-based vocational and employment support, or any other services or support deemed necessary to achieve the Final Outcomes by Service Provider in connection with the Project pursuant to the Service Provider Agreement.
94. "Investor LLC" has the meaning given such term in the Recital to the Agreement.
95. "Investors" means the individuals and entities which have invested in Investor LLC, with the proceeds of that investment being used to fund Project costs, and which will be entitled to receive their respective portions of the Outcome Payment.

96. "ITS" has the meaning given such term in Schedule 2, Section 3.5.
97. "ITT" has the meaning given such term in Schedule 1, Section 6.2(b).
98. "IV" has the meaning given such term in Schedule 1, Section 6.7.
99. "Jail" means a locally operated correctional facility for the detention of individuals taken into custody pending the completion of the adjudication process for a Violation to the conditions of Release or of individuals awaiting transfer to a Prison following parole revocation or felony conviction.
100. "Jail Bed Days" means, as described in Schedule 1, Section 5.5(b)(i), the number of days a Population Member is in Jail between the Population Member's Event Date and the end of the Observation Period of the Population Member's applicable Phase.
101. "Jail Beginning Date" means the date an individual is admitted to Jail.
102. "Jail Ending Date" means the date an individual is released from Jail either to the custody of DOCCS or to the community.
103. "Jail Time Credit" means the amount of time spent in Jail prior to the commencement of a Prison sentence.
104. "Law" means any written law, statute, constitutional provision, treaty, code, ordinance, rule or regulation or other similar requirement of any Governmental Authority and any directive, policy or binding guideline of any federal Governmental Authority that is applicable to the Grant.
105. "Linearized Propensity Score" or "LPS" has the meaning given such term in step 2b of Appendix 2 to Schedule 1.
106. "Life Skills" or "LSE" means education classes consisting of an introduction to Service Provider's vocational services, instruction and practice in skills necessary for obtaining and maintaining employment, instruction and practice in answering questions about one's criminal conviction in a job interview, and orientation to Service Provider's transitional job program.
107. "Managing Member" has the meaning given such term in the Preamble to the Agreement.
108. "Master Data File" has the meaning given such term in Schedule 1, Section 3.1(a).
109. "Matched Data File" has the meaning given such term in step 3 of Appendix 2 to Schedule 1.

110. "Material Breach" means a material breach of this Agreement by a Party that would either (i) reasonably be expected to materially adversely impact any of the Individual, Population, or Final Outcomes or Outcome Payments or (ii) be a material violation of applicable Federal or New York State Law after notice from NYSDOL and opportunity to comply.
111. "Maximum IRR" has the meaning given such term in Schedule 1, Section 8.6.
112. "Maximum Outcome Payment" means an amount equal to \$11,095,000 with respect to Phase I, which is the difference of \$12,000,000 and the \$905,000 in State Administration and Validator Costs, and an amount equal to \$10,448,853 with respect to Phase II, which is the difference of \$11,000,000 and the \$551,147 in State Administration and Validator Costs.
113. "Measurement" means the process of calculating the Individual Outcomes and Population Outcomes given such term in Schedule 1, Articles V and VI.
114. "Measurement Period" means the applicable period given such term in Schedule 2, Section 2.2(a)(ii) and Section 2.2(b)(ii).
115. "Minimum Performance Thresholds" means the thresholds as set forth in Schedule 1, Table 5.
116. "Minimum Sentence" means the shortest period of time that an individual must serve in Prison before being considered for Release to Community Supervision.
117. "Monitoring" means the periodic assessment and reporting on Treatment Population and Control Population Members as specified in Schedule 4.
118. "Months Observed" means the number of months [N] between a Population Member's Event Date and the end of the relevant Observation Period, where [N] is an integer between 0 and 36.
119. "MOU" has the meaning given such term in Section 5.2(d) of the Agreement.
120. "MWBE" means Minority and Women-Owned Business Enterprise as defined in the MWBE Laws.
121. "MWBE Goals" means providing meaningful participation to MWBEs as subcontractors or suppliers in the performance of this Agreement, with an overall goal of 20% MWBE participation (11% Minority-Owned Business Enterprises and 9% Women-Owned Business Enterprises).
122. "MWBE Laws" means New York State Executive Law Article 15-A and 5 NYCRR Parts 142-144.

123. "Negative Discharge" means a participant discharged from Service Provider for reasons involving a willful disregard of the Service Provider's program rules, re-arrest, or non-compliance with vocational services.
124. "Neutral Discharge" means a participant discharged from Service Provider for reasons not involving a willful disregard of the Service Provider's program rules, mandated drug treatment or family or child care issues or conflicting appointments.
125. "New Court Commitment" means an Admission to Prison for the first time after an individual's Event Date and date of each Release for the individual during the Observation Period on a felony conviction.
126. "New Intermediary" has the meaning given such term in Section 11.3(c)(i) of the Agreement.
127. "Notice of Conflict" has the meaning given such term in Section 13.2(a) of the Agreement.
128. "NYC" means the Bureaus within New York City and its five boroughs to which individuals under DOCCS custody may be assigned for Community Supervision following their Release from Prison; including the four PFS Target Bureaus in NYC as well as non-target Bureaus within the five boroughs.
129. "NYSID" means the New York State ID number, which will be used for matching Population Members to Individual Recidivism Outcomes.
130. "NYSDOL" has the meaning given such term in the Preamble to the Agreement.
131. "Observation Period" has the meaning given such term for Phase I in Schedule 2, Section 2.2(a)(i), and for Phase II, in Schedule 2, Section 2.2(b)(i).
132. "OSC" has the meaning given such term in Section 8.1 of the Agreement.
133. "Outcome Payment" means any Phase I Outcome Payment and Phase II Outcome Payment due and payable to Managing Member under Article VI and Schedule 1 of this Agreement.
134. "Panel" has the meaning given such term in Section 13.1(b)(ii) of the Agreement.
135. "Parties" or "Party" has the meaning given such term in the Preamble to the Agreement.
136. "PEERA" has the meaning given such term in Section 5.1(e) of the Agreement.
137. "Period of Performance" means the 66 month time period after the Project Start Date, during which the Phase I Period of Performance will be 48 months, and the Phase II Period of Performance will be 42 months.

138. "PFS Governance" means the processes and committee structure through which Project Change Requests will be managed.
139. "PFS Parole Officer" means the parole officer who will supervise the Treatment Population Members.
140. "PFS Participant" has the meaning given such term in Schedule 1, Section 6.7(a)(i).
141. "PFS Target Bureau(s)" means the Bureau(s) included in the Randomization List criteria as described in Schedule 2, Section 3.2. As of October 1, 2013, PFS Target Bureaus include Queens I, Queens II, Bronx I, Brooklyn V, and Rochester Metro; however, changes or additions to the PFS Target Bureaus may be made per the "Change Process" detailed in Schedule 4 of the Agreement.
142. "Phase I" has the meaning given such term in the Recital to the Agreement.
143. "Phase I Drawdown Amount" means an amount equal to \$6,832,000 to finance Phase I of the Project, an amount which is inclusive of the fee paid to the Placement Agent.
144. "Phase I Outcome Payment" means, as applicable, the amount to be paid at the end of Year 4 based on the Group I Final Outcomes, which such amount will not exceed an amount equal to the Maximum Outcome Payment for Phase I or the amount to be paid as an Early Outcome Payment or an Accelerated Outcome Payment to the extent attributable to Phase I.
145. "Phase II" has the meaning given such term in the Recital to the Agreement.
146. "Phase II Drawdown Amount" means \$6,668,000 or such lesser amount required to be available to fund Phase II Project costs after a scale down of Phase II as contemplated by Section 11.1(j) or Section 11.4 of the Agreement.
147. "Phase II Outcome Payment" means, as applicable, the amount to be paid at the end of Year 5.5 based on the Group II Final Outcomes, which such amount will not exceed an amount equal to the Maximum Outcome Payment for Phase II or the amount to be paid as an Early Outcome Payment or an Accelerated Outcome Payment to the extent attributable to Phase II.
148. "Pool" has the meaning given such term in step 3a of Appendix 2 to Schedule 1.
149. "Population Member" means an individual assigned to the Treatment Population or Control Population.
150. "Population Employment Outcome(s)" has the meaning given such term in Schedule 1, Section 6.7(b)(ii).

151. "Population Outcome(s)" means the Population Employment Outcome(s), Population Recidivism Outcome(s) and Population Transitional Job Outcome(s), collectively.
152. "Population Recidivism Outcome(s)" has the meaning given such term in Schedule 1, Section 6.7(b)(ii).
153. "Population Transitional Job Outcome(s)" has the meaning given such term in Schedule 1, Section 6.4(b).
154. "Post-Randomization Data" means the variables for each Population Member indicating (a) whether the Population Member was assigned to the Treatment or Control Population; (b) the Randomization Ratio used on the date the Population Member was Randomized; (c) the date on which the Population Member was Randomized; (d) the value generated from the Randomization software's Randomization function; and (e) the Event Date.
155. "PPM" has the meaning given such term in Section 7.2 of the Agreement.
156. "Pre-Randomization Data" means the variables given such term in Schedule 2, Section 3.3.
157. "Preset Cumulative Bed Day Impact" means the preset value for each month of the Observation Period as given such term in Appendix 1 of this Schedule 1.
158. "Price Per Outcome" means the dollar amount per Final Outcome unit used to calculate Public Sector Benefits as given such term in the second column of Table 6 to Schedule 1.
159. "Prison" means any facility operated by DOCCS as a place for the confinement and treatment of individuals under New York State custody.
160. "Prison Bed Days" means the number of days a Population Member is in Prison between the Population Member's Event Date and the end of the Observation Period of the Population Member's applicable Phase.
161. "Program Operating Responsibilities" means the matters that are the responsibility of Intermediary, if any, as set forth on Schedule 2.
162. "Prohibited Entities List" has the meaning given such term in Section 4.1(g) of the Agreement.
163. "Project" has the meaning given such term in the Recital to the Agreement.
164. "Project Change Request" means a request submitted in writing to Project Coordinators pursuant to Schedule 4, Article III.

165. "Project Coordinator" means Individuals seeking to ensure that the Project is implemented to the required standards, as required by the Agreement. One Project Coordinator will be a staff member of Intermediary and one Project Coordinator will be a staff member of New York State.
166. "Project Start Date" means October 1, 2013.
167. "Prorated Intermediary Success Fee" means a prorated amount to be paid to the Intermediary if the Agreement is terminated pursuant to Sections 11.1(d), (f), (h) or (k) of the Agreement and the Recidivism Outcome meets certain performance thresholds specified in the Service Provider Agreement(s). The Prorated Intermediary Success Fee is calculated by: for Phase I, dividing the number of days from the Project Start Date until the date of termination by 1,460; and for Phase II, dividing the number of days from the 24th month anniversary of the Project Start Date until the date of termination by 1,277. The result for each of Phase I and Phase II is then multiplied by the full amount specified in the respective tables below for the applicable Phase.

Phase I Success Fee	If the Final Recidivism Outcome is greater than or equal to:	then SFI will be paid the following Intermediary Success Fee:
	76.5 bed days	\$93,750
	85 bed days	\$281,250
	93.5 bed days	\$375,000
Phase II Success Fee	If the Final Recidivism Outcome is greater than or equal to:	then SFI will be paid-
	76.5 bed days	\$35,881
	85 bed days	\$107,645
	93.5 bed days	\$143,527

168. "Public Sector Benefits" means the savings and value that the public sector could realize as a result of Final Outcomes; the calculation of Public Sector Benefits is outlined in Schedule 1, Section 8.5.
169. "Quarterly Earning(s)" means the amount of earnings, wages or pay from employment for a Population Member during the applicable quarter, as obtained by matching Population Member(s) by SSN against Unemployment Insurance Wage Records.
170. "Queensboro Correctional Facility" means a minimum security correctional facility located in Long Island City that is used for the general confinement of males having 90 days or less to serve before Release to Community Supervision.
171. "Randomization" or "Randomize" means the act of randomly designating individuals on the Randomization List as Treatment Population or Control Population Members, as specified in Schedule 2, Section 3.2.

172. "Randomization List" means the list of Eligible Individuals as specified in Schedule 2, Section 3.2.
173. "RCT Approach" has the meaning given such term in the first paragraph of Appendix 2 to Schedule 1.
174. "Recidivism Data" means the data used to calculate the Individual Recidivism Outcome(s) as given such term in Schedule 1, Section 3.2(e).
175. "Referral" means the act of a parole officer referring a Population Member to Enroll at the Service Provider by providing the appropriate Service Provider staff with a signed Referral Form, as given such term in Schedule 2, Sections 4.5.
176. "Release(d)" means the exit of an offender from a Prison to the community to complete a term of Community Supervision.
177. "Release Date" means the date of the exit of an offender from a DOCCS correctional facility.
178. "Remaining Sentence" means the length of time a Population Member has to serve in Prison beyond the Observation Period capped at five years from the Population Member's Event Date.
179. "Reports" means all the Project Monitoring and Outcome Reports specified in Table 7 of Schedule 4. Draft forms of each of the Reports are attached in Schedule 4, Appendix 1 for illustrative purposes.
180. "Representative" has the meaning given such term in Section 13.1(b)(i) of the Agreement.
181. "Rochester Metro Bureau" or "Rochester Metro" means the Bureau located in Rochester, New York, which is one of the PFS Target Bureaus.
182. "Scaling Factor" means the output of the calculation given such term in Schedule 1, Section 8.2.
183. "Service Agreement" means an agreement between Intermediary, Managing Member and Service Provider in the form of Exhibit A, with such changes as are agreed between Intermediary and Service Provider and have been approved in writing by NYSDOL (which approval will not be unreasonably withheld, delayed or conditioned).
184. "Service Commencement Date" means the date of the first Randomization, which will be no later than December 23, 2013.
185. "Service Provider" means the Center for Employment Opportunity (or such other service provider(s) required to deliver the Interventions, as determined by

Intermediary and approved by NYSDOL and DOCCS pursuant to and in accordance with Section 9.1 of the Agreement).

186. “SFI” has the meaning given such term in the Preamble to the Agreement.
187. “Special Condition” means the legal directive provided by PFS Parole Officers to all Treatment Population Members as specified in Schedule 2, Section 4.4. A PFS Participant’s non-compliance with the Special Condition will not constitute a Parole Violation in an important respect by itself.
188. “SSN” means a Population Member’s Social Security Number.
189. “State PFS Project Manager” means Patrick Pascarella at NYSDOL or any replacement project manager appointed pursuant to Section 5.2(f) of the Agreement.
190. “Subsidized Employment” has the meaning given such term in Schedule 1, Section 3.2(d)(i).
191. “Take Up Rate” means the percentage of Population Members, calculated separately for the Treatment and Control Populations, who enroll with Service Provider.
192. “Time Assessment” means a period of re-incarceration stated in months ordered by an Administrative Law Judge or the Board of Parole following a parole revocation determination.
193. “Total Costs” means all costs and expenses incurred or reasonably expected to be incurred by Investor LLC with respect to Phase I and Phase II as of the time of measurement, including without limitation, the amounts paid to Service Provider pursuant to the Service Provider Agreement and the fees paid to Intermediary pursuant to the Intermediary Services Agreement, which, in the aggregate, do not exceed \$13,500,000 or the sum of the Phase I Drawdown Amount and the Phase II Drawdown Amount. If a Total Cost amount is required for an Early Outcome Process, upon written request from NYSDOL, Managing Member will provide a breakdown of such costs and expenses by category and, if further so requested, reasonable documentation of such costs and expenses.
194. “Total Phase I Costs” means all costs and expenses incurred or reasonably expected to be incurred by Investor LLC with respect to Phase I as of the time of measurement, including without limitation, the amounts paid to Service Provider pursuant to the Service Provider Agreement and the fees paid to Intermediary pursuant to the Intermediary Services Agreement, which, in the aggregate, do not exceed the Phase I Drawdown Amount. If a Total Phase I Cost amount is required for an Early Outcome Process, upon written request from NYSDOL, Managing Member will provide a breakdown of such costs and expenses by category and, if further so requested, reasonable documentation of such costs and expenses.

195. "Total Phase II Costs" means all costs and expenses incurred or reasonably expected to be incurred by Investor LLC with respect to Phase II as of the time of measurement, including without limitation, the amounts paid to Service Provider pursuant to the Service Provider Agreement and the fees paid to Intermediary pursuant to the Intermediary Services Agreement, which, in the aggregate, do not exceed the Phase II Drawdown Amount. If a Total Phase II Cost amount is required for an Early Outcome Process, upon written request from NYSDOL, Managing Member will provide a breakdown of such costs and expenses by category and, if further so requested, reasonable documentation of such costs and expenses.
196. "Transitional Job" means employment intended to build skills and behavior applicable to success in the workplace that is provided by Service Provider in a work crew setting.
197. "Transitional Job Engagement" or "Engaged in Transitional Jobs" means participating in a Transitional Job for at least one hour and receiving payment from Service Provider for that participation.
198. "Transitional Job Hours" means the cumulative number of hours worked through Transitional Job Engagement by a Population Member.
199. "Treatment Population" or "Treatment Population Member(s)" has the meaning given such terms in Schedule 2, Section 3.2(b)(i).
200. "Two-Stage Least Squares (TSLS)" has the meaning given such term in step 5 of Appendix 2 to Schedule 1.
201. "Ultimate Disposition Date" has the meaning given such term in Schedule 1, Section 5.5(b)(i)(A)(2)(b).
202. "Unemployment Insurance Wage Records" means employer-reported unemployment insurance wage data from the NYS Department of Tax and Finance. Employers determined liable for paying Unemployment Insurance tax are required to report the quarterly earnings of their employees each calendar quarter to the NYS Department of Taxation and Finance. This information is shared with NYSDOL and is used to help administer the Unemployment Insurance program.
203. "Unsubsidized Employment" has the meaning given such term in Schedule 1, Section 3.2(d)(i).
204. "Unsubsidized Job Placement" means the hiring of a Population Member by an employer other than Service Provider as recorded in the Service Provider Intervention Data.
205. "USDOL" has the meaning given such term in the Recital to the Agreement.

206. “USDOL component” has the meaning given such term in the Recital to the Agreement.
207. “USDOL Project” has the meaning given such term in the Recital to the Agreement.
208. “Validator” means Chesapeake Research Associates, LLC or any replacement validator appointed that is directly contracted by NYSDOL, and is responsible for making a Determination of Population Outcomes pursuant to Section 5.2(e) of the Agreement.
209. “Validator Agreement” means an agreement between NYSDOL and the Validator (or any replacement Validator) governing the Validator’s role in the Project in the form of Exhibit B, with such changes as are agreed between NYSDOL and the Validator and approved by the Intermediary, which approval will not be unreasonably withheld or delayed, and which in all events will be consistent with this Agreement, Schedule 1 and Schedule 2 to the Agreement.
210. “Violation” means a violation of an individual’s conditions of Release from Prison.
211. “Violation Process” means the legal process that grants authority to the Board of Parole or its designated authority to adjudicate the alleged Violation to determine if an individual violated his conditions of Release in an important respect.
212. “Violation Warrant” means the authority for the retaking and the lodging at a county jail of an alleged parole violator for the purposes of conducting a parole violation hearing.
213. “Workers’ Compensation Law” means the Workers’ Compensation Law for the State of New York.

SCHEDULE 1

ARTICLE I INTRODUCTION

The purpose of Schedule 1 is to outline the process for measuring and determining Outcome Payments. The Project will be implemented in two phases (Phase I and Phase II) each of which will contain a separate Treatment Population and Control Population made up from the Population Members assigned to the Project in accordance with Schedule 2.

The Population Members that make up the Treatment Population and Control Population in each Phase will be measured and compared based on three metrics: recidivism, transitional job, and employment.

The measurements will be adjusted using techniques common to randomized control trials; and these adjusted measurements will represent the Population Outcomes for Phase I and Phase II. In each Phase, once a Determination has been made by the Validator and Final Outcomes meet Minimum Performance Thresholds, then NYSDOL will pay Outcome Payments to the Managing Member; otherwise, NYSDOL will make no payments.

To the extent due pursuant to this Schedule 1, NYSDOL will pay Managing Member the Phase I Outcome Payment up to a maximum of \$11,095,000 from Grant funds; however, if the Phase I Outcome Payment due to Managing Member (A) is greater than the Grant Amount or (B) is greater than the funds available under the Grant at the time such payment is due to the extent attributable to the circumstances outlined in the Section 6.4(b)(ii) of the Agreement, then NYSDOL will supplement the Grant Funds and pay Managing Member the balance of the Phase I Outcome Payment from State funds, up to a maximum of \$11,095,000. To the extent due pursuant to this Schedule 1, NYSDOL will pay Managing Member the Phase II Outcome Payment up to a maximum of \$10,448,853 of State funds.

Articles II-VIII of Schedule 1 outline how data from the Project will be both collected and measured for the purpose of measuring the Individual, Population, and Final Outcomes and associated Outcome Payments that NYSDOL will make to the Managing Member in connection with the Project. This Schedule 1 is organized as follows:

- I. Introduction
- II. Definitions
- III. Data Collection and Reporting
- IV. Data Security
- V. Measuring Individual Outcomes

- VI. Measuring Population Outcomes
- VII. Determination of Population Outcomes
- VIII. Calculating Final Outcomes and Outcome Payment

The examples in this Schedule 1 are for illustrative purposes only and are not comprehensive as to all possible circumstances or variables or predictions of any future results.

ARTICLE II DEFINITIONS

Capitalized terms used herein not otherwise defined shall have the meaning ascribed to such term in Appendix N (Index of Defined Terms) to the Agreement.

ARTICLE III DATA COLLECTION AND REPORTING

Section 3.1 Summary:

(a) DOCCS Research will collect the cumulative and individual-level data necessary to measure the Individual Outcomes, which are used to measure Population Outcomes, and ultimately to determine the Outcome Payments. This data will also be used for Monitoring and Reporting as specified in Schedules 2 and 4. For purposes of Monitoring, Reporting and Measurement, DOCCS Research will compile the "Master Data File", which will include the following individual-level data for all Population Members:

- Pre-Randomization Data;
- Post-Randomization Data;
- Intervention Data;
- Employment Data; and
- Recidivism Data.

(b) DOCCS Research will update the Master Data File within about 15 days of receiving updated data to be included in the Master Data File, which is needed to produce the Reports specified in Schedule 4.

Section 3.2 Data Included in Master Data File:

(a) Pre-Randomization Data is comprised of "key covariates" which will be used to monitor Randomization, as specified in Schedule 4 and for purposes of measuring Population Outcomes only in the case of an Insufficient Enrollment Difference.

(i) Variables: Pre-Randomization Data will include only the specific variables specified in Schedule 2.

(ii) Data Collection: DOCCS Research will collect the Pre-Randomization Data at the frequency specified in Schedule 2.

(b) Post-Randomization Data is comprised of variables that are not available before the Population Member has been released from Prison to Community Supervision. DOCCS Research will routinely match the Master Data File with the DOCCS Releases File to ascertain if a Population Member was ultimately released from prison and update the Master Data File with the Event Date and the first known Bureau to which the Population Member is assigned after Randomization.

(c) "Intervention Data" means the following data received from Service Provider:

(i) Variables: Intervention Data will include at least the following variables on an individual-level:

- NYSID
- Referral (date of Referral)
- Orientation date
- Life Skills start date
- Total days of Life Skills attendance
- Transitional Job Hours
- Total Days Worked
- Discharge Reason (Neutral Discharge, Negative Discharge)
- Reason for Neutral Discharge
- Reason for Negative Discharge
- Date of first Unsubsidized Job Placement
- Document Ready (Date)

(ii) Data Collection: By about the 10th day of each month, or the next Business Day if the 10th day is not a Business Day, the Service Provider will provide the following parties with data for each of the following groups:

- DOCCS Research and SFI with Intervention Data for PFS Participants at Service Provider's NYC and Rochester sites, which will be sent in the format of data that Service Provider normally sends as a part of its contracts with New York State.
- DOCCS Research with Intervention Data for all non-PFS Participants at Service Provider's NYC and Rochester sites, which will be sent in the format of data that Service Provider normally sends as a part of its contracts with New York State.

The Intervention Data in the Master Data File will be cumulative of activity in the time period from the Event Date to the date on which Service

Provider collects Intervention Data. DOCCS Research will combine the Intervention Data for PFS Participants in the Master Data File. DOCCS Research will also match the Intervention Data on non-PFS Participants to identify which of the Control Population Members Enrolled at the Service Provider.

By about the 15th day of each month, DOCCS Research will update the Master Data File with the cumulative Intervention Data. Each Population Member with an orientation date after the Event Date will be considered Enrolled for purposes of Monitoring Take-Up Rate and Measuring Population Outcomes and will be flagged with a 1. A Population Member who does not have an orientation date is flagged with a 0, indicating that he is not Enrolled.

(d) “Employment Data” means key information on a Population Member’s employment status received from NYSDOL:

(i) Variables: DOCCS Research will obtain Employment Data from NYSDOL, which will source Employment Data from quarterly Unemployment Insurance Wage Records. Employment Data includes the following variables on an individual-level:

- Individual Employment Outcome
- Quarterly Earnings
- Whether the Population Member is Employed with Service Provider (“Subsidized Employment”) or Employed with another employer (“Unsubsidized Employment”), which will collectively mean the Type of Employment¹

(ii) Data Collection: By about the 1st day of each calendar quarter, starting the third quarter after the Service Commencement Date, DOCCS Research will provide NYSDOL with the NYSID, SSN, Event Date, and the Treatment or Control Population flag for each Population Member. By about the 15th day of the same month, NYSDOL will provide DOCCS Research with Employment Data for each Population Member for whom Employment Data is available as of the date on which NYSDOL measures Employment Data.

(e) “Recidivism Data” means information on a Population Member’s interaction with the criminal justice system since the Event Date and collected by DOCCS Research as follows:

¹ Note that this distinction between Subsidized and Unsubsidized Employment is only for Parties’ reference; both Subsidized and Unsubsidized Employment will be considered Employment for the purposes of measuring Individual, Population, and Final Employment Outcomes.

(i) Variables: Recidivism Data will be measured from (1) DOCCS Violators File; (2) DOCCS Admissions File; and (3) DOCCS Releases File as specified Schedule 1, Article V and will include the following variables:

- Prison Bed Days
- Jail Bed Days
- Remaining Sentences

(ii) Data Collection: By about the 15th day of each calendar quarter, DOCCS Research will update the Master Data File with Recidivism Data.

ARTICLE IV DATA SECURITY

Section 4.1 Backup Frequency: DOCCS Research will back up the Master Data File about every 15 days, so that it can be retrieved in case of a data systems failure.

Section 4.2 Hard Copy Backup: DOCCS Research will create a hard copy of the Master Data File about every 60 days to protect against computer storage issues and store it in a secure location.

Section 4.3 Confidential Information: In the case that data is Confidential Information and that Confidential Information is required to be transmitted to external parties in accordance with the terms of the Agreement outside of DOCCS, the sender must use password-protected, encrypted files. The Master Data File will be accessible only to authorized individuals.

ARTICLE V MEASURING INDIVIDUAL OUTCOMES

Section 5.1 Summary: During the respective Measurement Period for Phase I and Phase II, NYSDOL will measure the Individual Employment Outcome and DOCCS Research will measure the Individual Recidivism Outcome and Individual Transitional Job Outcome (collectively, the “Individual Outcomes”) for each Population Member.

Section 5.2 Measurement Periods Timing: The Measurement Periods will comply with the timeline established in Schedule 2, Section 2.2(a)(ii) and Section 2.2(b)(ii).

Section 5.3 Audit: After DOCCS Research has received Employment Data from NYSDOL, Intervention Data from Service Provider, has generated Recidivism Data and has matched the data to the Master Data File, DOCCS Research will manually audit Population Members’ associated Master Data File with assistance from NYSDOL as necessary to ensure that correct data points are successfully matched to each Population Member. DOCCS Research, with support from NYSDOL as necessary, will complete this audit for 10 randomly selected Population Members during each calendar quarter starting with the first calendar quarter after the Service Commencement Date. In addition, DOCCS Research, with support from NYSDOL, will complete this audit for 50 randomly selected Population Members before measuring Population Outcomes. DOCCS Research will share the results of these audits with the Management Committee and, for reference, the Validator.

Section 5.4 Measuring Individual Employment Outcomes

- (a) Individual Employment Outcome: For each Population Member, NYSDOL will measure whether or not the individual is Employed in the fourth quarter following the Population Member's Event Date indicated by positive Quarterly Earnings, expressed as a binary "yes" or "no" (the "Individual Employment Outcome").
- (i) Group I Measurement: By the 15th day after the 39th month anniversary of the Project Start Date, NYSDOL will measure Individual Employment Outcomes of Group I and provide the data to DOCCS Research.
- (ii) Group II Measurement: By the 7th day after the 63rd month anniversary of the Project Start Date, NYSDOL will measure Individual Employment Outcomes of Group II and provide the data to DOCCS Research.
- (b) Measurement Process: For Group I and Group II separately, NYSDOL will match the SSNs of all Population Members as provided by DOCCS Research with Employment Data from Unemployment Insurance Wage Records. NYSDOL will then provide this Employment Data for each Population Member to DOCCS Research. DOCCS Research will use each Population Member's NYSID to update the Master Data File with this information.

Section 5.5 Measuring Individual Recidivism Outcomes

- (a) Individual Recidivism Outcome: For each Population Member, DOCCS Research will calculate the sum of the Population Member's Prison Bed Days, Jail Bed Days and Remaining Sentence (the "Individual Recidivism Outcome").
- (i) Group I Measurement: By the 15th day of the 37th month anniversary of the Project Start Date, DOCCS Research will measure Individual Recidivism Outcomes of Group I, and update the Master Data File with this information.
- (ii) Group II Measurement: By the 15th day of the 61st month anniversary of the Project Start Date, DOCCS Research will measure Individual Recidivism Outcomes of Group II, and update the Master Data File with this information.
- (b) Measurement Process: For Group I and Group II separately, DOCCS Research will use each Population Member's NYSID to match the Master Data File with Recidivism Data through the end of the Observation Period of the respective Phase. Then, DOCCS Research will update the Master Data File with Recidivism Data for each corresponding Population Member.

(i) Measuring Jail Bed Days: Population Members can serve time in Jail under two scenarios: (a) while awaiting the completion of a Violation Process while under Community Supervision, or (b) for a New Court Commitment following discharge from Community Supervision. Bed Days for each of these scenarios are measured differently as set forth below.

(A) Measuring Jail Bed Days while under Community Supervision

(1) Using the NYSID, DOCCS Research will match the Master Data File to the DOCCS Violators File. Jail Bed Days under Community Supervision will include: (A) days served in Jail pursuant to the lodging of a Violation Warrant in New York State and (B) days served in Jail that result in a re-Admission to Prison. Days served in Jail under Community Supervision will not include: (A) days served in Jail in states other than New York, and (B) days served in Jail that do not result in a re-Admission to Prison *and* that are served without a Violation Warrant being lodged in New York State.

(2) Because Jail Beginning Dates and Ending Dates associated with the Violation Process are not entered until the Violation Process has been completed, these data points may be missing from the DOCCS Violators File at the time of the beginning of each Measurement Period. DOCCS Research will account for these missing dates as follows:

a) If a Population Member's Jail Beginning Date is missing, then DOCCS Research will use the date that the Population Member was placed into the custody of a Jail pending the completion of the Violation Process as the Population Member's Jail Beginning Date.

b) If a Population Member's Jail Ending Date is missing, then DOCCS Research will use the date a Population Member returned to Prison as the Population Member's Jail Ending Date. If a Population Member's Jail Ending Date is missing *and* the Population Member did not return to Prison, then DOCCS Research will use either 1) the date that the Violation Warrant is closed ("Ultimate Disposition Date"), or 2) if the Population Member's Violation Warrant has not been closed by the end of the Observation Period (and thus the Population Member does not have an Ultimate Disposition Date), then

DOCCS Research will use the date of the end of the Observation Period as the Jail Ending Date.

(3) If a Population Member has more than one Violation Warrant resulting in days served in Jail while under Community Supervision, DOCCS Research will calculate the Population Member's Jail Bed Days by summing the calculated days served in Jail for each Violation as specified in this Schedule 1, Section 5.5(b)(i)(A)(1) and 5.5(b)(i)(A)(2).

(B) Measuring Jail Bed Days for New Court Commitments following Discharge from Community Supervision

(1) DOCCS Research will match the Master Data File using NYSID with the DOCCS Admissions file to determine (A) if a Population Member was re-Admitted as a DOCCS New Court Commitment after Discharge from Community Supervision and (B) the number of Jail Bed Days a Population Member has on his DOCCS Admissions file prior to his re-Admission to Prison.²

(2) DOCCS will include only days served in Jail during the Observation Period in the Measurement of Jail Bed Days for New Court Commitments following Discharge from Community Supervision.

(3) Jail Bed Days following Discharge from Community Supervision that do not result in a Prison re-Admission will not be included in the Measurement of Jail Bed Days for New Court Commitments following Discharge from Community Supervision.

(ii) Measuring Prison Bed Days

(A) The combined DOCCS Admissions File and Master Data File will be matched using NYSID to the DOCCS Releases File to determine if any of those Population Members who had been re-Admitted to Prison had subsequently been re-Released from Prison.

² As DOCCS Research will measure all Jail Bed Days based on the Jail Beginning Date and Jail Ending Date, DOCCS Research will estimate the Jail Beginning Date and Jail Ending Date for these Population Members and add those Dates to the Master Data File. Specifically, DOCCS Research will calculate the Jail Beginning Date by subtracting the number of Jail Bed Days from the Prison re-Admission Date; the Jail Ending Date will be the Admission Date to Prison.

(B) If the Population Member was re-Released from Prison, DOCCS Research will calculate time served in Prison by subtracting the re-Admission Date from the re-Release Date. If Population Member was not re-Released from Prison within the Observation Period, then DOCCS Research will calculate time served by subtracting the re-Admission Date from the end date of the Observation Period.

(C) If there is more than one Prison Admission for a Population Member, then the DOCCS Research will sum the calculated days served in Prison for each re-Admission to calculate total Prison Bed Days used.

(iii) Measuring Remaining Sentences

(A) For any Population Member who is in Prison for a New Court Commitment and has not been re-Released within the Observation Period, DOCCS Research will estimate a Population Member's Remaining Sentence capped at five years from the Population Member's Event Date by subtracting the earlier of 1) the earliest Release Date or 2) the date five years after the Population Member's Event Date from the day after the end date of the Observation Period.

(B) For any Population Member who is in Prison for a Violation and not re-Released within the Observation Period, DOCCS Research will use the earliest Release Date to estimate the Remaining Sentence capped at five years from the Population Member's Event Date by subtracting the earlier of 1) the earliest Release Date or 2) the date five years after the Population Member's Event Date from the day after the end date of the Observation Period.

Section 5.6 Measuring Individual Transitional Job Outcomes

(a) Individual Transitional Job Outcome: For PFS Participants, DOCCS Research will measure Individual Transitional Job Outcomes using Intervention Data provided by Service Provider.

(i) Group I Measurement: By the day after the 37th month anniversary of the Project Start Date, Service Provider will provide DOCCS Research with the Intervention Data for Group I. By the day before the 38th month anniversary of the Project Start Date, DOCCS Research will measure Individual Transitional Job Outcomes of PFS Participants in Group I.

(ii) Group II Measurement: By the day after the 61st month anniversary of the Project Start Date, Service Provider will provide DOCCS Research with Intervention Data for Group II. By the day before the 62nd month

anniversary of the Project Start Date, DOCCS Research will measure Individual Transitional Job Outcomes of PFS Participants in Group II.

- (b) Measurement Process: For Group I and Group II separately, DOCCS Research will use each Treatment Population Member's NYSID to match the Master Data File with Intervention Data through the end of the Observation Period of the respective Phase. DOCCS Research will then update the Master Data File with either a 1 or a 0, where a 1 indicates a Treatment Population Member who worked a Transitional Job and a 0 indicates a Treatment Population Member who did not work a Transitional Job. DOCCS Research will also record the cumulative number of hours each PFS Participant worked in a Transitional Job during the Observation Period.

ARTICLE VI MEASURING POPULATION OUTCOMES

Section 6.1 Summary

(a) Measurement of Population Outcomes will occur separately for Group I and Group II for each of the three metrics. The steps for measuring Population Outcomes are specified in Schedule 1, Sections 6.2-6.4. The specific calculations are outlined in Schedule 1, Sections 6.5-6.8. In accordance with the Measurement Period,

- (i) For Phase I, DOCCS Research will measure and provide the Validator, NYSDOL, and the Intermediary with written results of the measurements of: Population Recidivism and Population Transitional Job Outcomes by the day before the 38th month anniversary of the Project Start Date, and Population Employment Outcome by the day before the 40th month anniversary of the Project Start Date.
- (ii) For Phase II, DOCCS Research will measure and provide the Validator, NYSDOL, and the Intermediary with written results of the measurements of: Population Recidivism and Population Transitional Job Outcomes by the day before the 62nd month anniversary of the Project Start Date, and Population Employment Outcome by 15 days after the 63rd month anniversary of the Project Start Date.

Section 6.2 Population Recidivism Outcome

- (a) DOCCS Research will measure Individual Recidivism Outcomes, as specified in Schedule 1, Section 5.5.
- (b) DOCCS Research will calculate an Intent-to-Treat (“ITT”) estimate, while weighting the data to account for variations in Randomization Ratios across time and sites, as specified in Schedule 1, Section 6.5 and 6.6.
- (c) DOCCS Research will calculate the Population Recidivism Outcome, as specified in Schedule 1, Section 6.7.

Section 6.3 Population Employment Outcome

- (a) NYSDOL will measure Individual Employment Outcomes, as specified in Schedule 1, Section 5.4.
- (b) DOCCS Research, in collaboration with NYSDOL, will calculate the ITT estimate, while weighting the data to account for variations in Randomization Ratios across time and sites, as specified in Schedule 1, Section 6.5 and 6.6.
- (c) DOCCS Research, in collaboration with NYSDOL, will calculate the Population Employment Outcome, as specified in Schedule 1, Section 6.7.

Section 6.4 Population Transitional Job Outcome

- (a) DOCCS Research will measure Individual Transitional Job Outcomes, as specified in Schedule 1, Section 5.6.
- (b) DOCCS Research will calculate the number of PFS Participants who Engaged in Transitional Jobs; this calculated value will be defined as the "Population Transitional Job Outcome".
- (c) DOCCS Research will calculate the average hours worked in a Transitional Job by PFS Participants who Engaged in Transitional Jobs in the applicable Phase, as measured at the end of the Observation Period; this will be defined as the "Average Hours Worked".

Section 6.5 Weighting the Data

- (a) Overview: As specified in Schedule 2, the Randomization Ratio may be adjusted over time to increase or decrease the flow of Treatment Population Members Referred to Service Provider. When the Randomization Ratio varies over time or between study sites, it is necessary to weight Individual Outcomes to produce valid ITT estimates. Weighting Individual Recidivism Outcome and Individual Employment Outcomes in the Master Data File will ensure that there are a similar percentage of Population Members coming from each time period and site in both the Treatment and Control Population. DOCCS Research will create weights as specified in this Section 6.5 before using Individual Employment Outcomes and Individual Recidivism Outcomes to calculate the ITT and IV estimates outlined in Schedule 1, Sections 6.6 and 6.7, respectively.

- (b) Calculation:

- (c) The weight assigned to each Treatment Population Member will be 1. The weight for each Control Population Member will be:

$$W_{ist} = N_{st}^T / N_{st}^C$$

Where N_{st}^T is the number of Treatment Population Members in site s (either NYC or Rochester) in the period in which the Population Member was Randomized t (biweekly in NYC and monthly in Rochester). Similarly, N_{st}^C is the number of Control Population Members in site s in Randomization period t . The precise application of weights in the calculation of ITT estimates is specified in Schedule 1, Section 6.6.

- (d) Example: Given hypothetical data outlined in Table 1, a weight will be calculated for each Population Member as follows:

Table 1. Weighting Data Using Hypothetical Individual Recidivism Outcome Data

Population Member	Time Period	Site	Treatment Population (NT_{st})	Control Population (NC_{st})	Treatment Population Yes/No	Individual Weight $(w);$ $Treatment = 1;$ $Control = NT_{st}/NC_{st}$
			Aggregate number in Treatment Population in site s and period t	Aggregate number in Control Population in site s and period t	1= yes	
1	1	Rochester	1	1	1	1.000
2	1	Rochester	1	1	0	1.000
3	2	NYC	2	1	0	2.000
4	2	NYC	2	1	1	1.000
5	2	NYC	2	1	1	1.000
6	3	NYC	2	1	1	1.000
7	3	NYC	2	1	0	2.000
8	3	NYC	2	1	1	1.000

(i) If the Treatment Population flag equals 1, then the given Population Member is a Treatment Population Member, and a weight of 1 is applied to that Population Member.

(ii) If the Treatment Population flag equals 0, then the given Population Member is a Control Population Member. For a Control Population Member who is in time period (t) =2 and site (s) =NYC, the weight will be the sum of the number of Treatment Population Members with $t=2$ and $s=NYC$, divided by sum of the number of Control Population Members with $t=2$ and $s=NYC$.

(iii) In this example, the Control Population Member's Individual Weight would be calculated as follows:

- (A) In this example, Population Members 4 and 5 (2 aggregate Treatment Population Members) are in the Treatment Group and from t=2 and s=NYC;
- (B) In this example, Population Member 3 (1 aggregate Control Population Member) is in the Control Group and from t=2 and s=NYC;
- (C) Control Population Member's Individual Weight (N_{st}^C) = $N_{st}^T / N_{st}^C = 2$ divided by 1 = 2.000.

(iv) These weights will apply to the calculation of the ITT estimates of both Individual Employment and Recidivism Outcomes, as well as for calculating the weighted Take Up Rates for the Treatment and Control Populations in the IV calculation.

Section 6.6 Estimate the ITT

- (a) Overview: All Eligible Individuals Randomized to the Treatment Population, as specified in Schedule 2, will be counted in the Treatment Population, regardless of whether they actually Enroll with the Service Provider. All Eligible Individuals Randomized to the Control Population, as specified in Schedule 2, will be counted in the Control Population, regardless of whether they Enroll with Service Provider. The ITT estimate measures the average difference between Treatment Population Members and Control Population Members and is the first step to calculating both the Population Recidivism Outcome and the Population Employment Outcome.
- (b) Calculation: The ITT estimate is measured as the average weighted Individual Outcomes for the Treatment Population less the average weighted Individual Outcomes for the Control Population. For Phase I and II separately, one ITT estimate will be calculated using Individual Employment Outcomes and one ITT estimate will be calculated using Individual Recidivism Outcomes.

The formula for the ITT estimate is as follows:

$$\text{ITT estimate} = \hat{Y}^T - \hat{Y}^C$$

where:

$$\hat{Y}^T = \frac{\sum_{i=1}^{N_T} Y_i^T W_i^T}{\sum_{i=1}^{N_T} W_i^T}$$

$$\hat{Y}^C = \frac{\sum_{j=1}^{N_C} Y_j^C W_j^C}{\sum_{j=1}^{N_C} W_j^C}$$

N_T and N_C are the number of Population Members assigned to the Treatment Population and Control Population, respectively. Y_i^T is the Individual Recidivism Outcome or Individual Employment Outcome for each Treatment Population Member (indexed by i) and Y_j^C is the Individual Recidivism Outcome or Individual Employment Outcome for each Control Population Member (indexed by j). W_i^T is the weight for each Treatment Population Member (all set to 1) and W_j^C is the weight for each Control Population Member.

Because Population Members will enter the program at different dates, they will be observed over different lengths of time over the Observation Period. The measure is therefore a time-weighted average of Population Members.

(c) Example: Given the individual weight calculation shown in Schedule 1, Section 6.5 and the hypothetical data set of Individual Recidivism Outcomes, the Recidivism ITT estimate would be calculated as follows, as outlined in Table 2:

Table 2. Calculating ITT Estimate Using Hypothetical Individual Recidivism Outcome Data

Column Reference			Individual Weight (w): Treatment = 1; Control = NTst/NCst	Enrolled in CEO Yes/No 1=yes (CEO)	Bed Days (Y)	A		B		C		D		E		F	
Population Member	Time Period	Site				Weighted Control Population (Wc)	Weighted Treatment Population (Wt)	Weighted Control Population (CEO*W)	Weighted Treatment Population (CEO*W)	Enrolled	Treatment Enrolled	Weighted Control Population Bed Days (Y*W)	Weighted Treatment Population Bed Days (Y*W)	Control Population Bed Days (Y*W)	Treatment Population Bed Days (Y*W)	Weighted Control Population Bed Days (Y*W)	Weighted Treatment Population Bed Days (Y*W)
			Aggregate number in Treatment Population in site s and period t	Aggregate number in Control Population in site s and period t	1= yes												
1	1	Rochester	1	1	1	1.000	1	NA	1.000	NA	1.000	NA	1.000	NA	91.000	91.000	
2	1	Rochester	1	1	0	1.000	0	0.000	NA	0.000	0.000	NA	0.000	NA	0.000	0.000	
3	2	NYC	2	1	0	2.000	1	98.000	NA	2.000	2.000	NA	2.000	NA	196.000	NA	
4	2	NYC	2	1	1	1.000	1	0.000	NA	1.000	NA	1.000	NA	NA	0.000	0.000	
5	2	NYC	2	1	1	1.000	0	115.000	NA	1.000	NA	0.000	NA	NA	115.000	NA	
6	3	NYC	2	1	1	1.000	1	0.000	NA	1.000	NA	1.000	NA	NA	0.000	0.000	
7	3	NYC	2	1	0	2.000	0	121.000	NA	2.000	0.000	NA	0.000	NA	242.000	NA	
8	3	NYC	2	1	1	1.000	1	0.000	NA	1.000	NA	1.000	NA	NA	0.000	0.000	
								Sum	5.000	5.000	2.000	4.000			438.000	206.000	

Treatment Population

Sum Weighted Treatment Population Bed Days (Sum Column F)

Values

206.000

Sum Weighted Treatment Population (Sum Column B)

5.000

Treatment Weighted Average Bed Days (Sum Weighted Treatment Population Bed Days/Weighted Treatment Population)

41.200

Control Population

Sum Weighted Control Population Bed Days (Sum Column E)

438.000

Sum Weighted Control Population (Sum Column A)

5.000

Control Weighted Average Bed Days (Sum Weighted Control Population Bed Days/Weighted Control Population)

87.600

Recidivism ITT Estimate (Treatment Weighted Average Bed

Days - Control Weighted Average Bed Days)

-46.400

(i) ITT estimate = $\hat{Y}^T - \hat{Y}^C$, where:

(A) $\hat{Y}^T = \text{Treatment Weighted Average Bed Days} = \text{Weighted Treatment Population Bed Days} / \text{Weighted Treatment Population}$, where:

(1) Weighted Treatment Population Bed Days equals the sum, over all the Treatment Population Members, of the product of each Treatment Population Member's Bed Days and the Member's Individual Weight. The Individual Weight will always equal 1 for Treatment Population Members. Thus, Weighted Treatment Population Bed Days = 206.000, as shown in the "Sum Weighted Treatment Population Bed Days" row in Table 2.

(2) Weighted Treatment Population equals the sum of the Treatment Population Individual Weights. Thus, Weighted Treatment Population = 5.000, as shown in the "Sum Weighted Treatment Population" row in Table 2.

(3) Thus, $\hat{Y}^T = 206.000 / 5.000$

(B) \hat{Y}^C = Control Weighted Average Bed Days = Weighted Control Population Bed Days / Weighted Control Population, where:

(1) Weighted Control Population Bed Days equals the sum, over all Control Population Members, of the product of each Control Population Member's Bed Days and the Member's Individual Weight. Thus, Weighted Control Population Bed Days = 438.000, as shown in the "Sum Weighted Control Population Bed Days" row in Table 2.

(2) Weighted Control Population equals the sum of the Control Population Individual Weights. Thus, Weighted Control Population = 5.000, as shown in the "Sum Weighted Control Population" row in Table 2.

(3) Thus, $\hat{Y}^C = 438.000 / 5.000$.

(C) Thus, ITT estimate = $(206.000 / 5.000) - (438.000 / 5.000) = -46.400$.³

(D) The process for calculating the ITT estimate using Individual Employment Outcomes is the same, except that instead of "Bed Days", the input would be a binary indication of whether the Population Member was Employed in the fourth quarter following his Event Date. Instead of Weighted Control Population Bed Days and Weighted Treatment Population Bed Days, the weighted outcomes would be Weighted Control Population Employment and

³ In the actual calculations, the ITT estimate will be calculated and rounded to three decimal places.

Weighted Treatment Population Employment. The ITT estimate would be $\hat{Y}^T - \hat{Y}^C$, where: \hat{Y}^T = Weighted Treatment Population Employment / Weighted Treatment Population; and \hat{Y}^C = Weighted Control Population Employment / Weighted Control Population.

Section 6.7 Calculate the IV Estimate

(a) Overview: The IV estimate accounts for the fact that some Members of the Treatment Population may not Enroll and that some Members of the Control Population may Enroll. The IV estimate estimates the treatment effect of the Intervention for those Treatment Population Members who Enrolled with Service Provider because they were assigned to the Treatment Population relative to those Control Population Members who did not Enroll with Service Provider but would have participated had they been assigned to the Treatment Population.

This calculation is applied to the ITT estimates in order to arrive at the Population Recidivism Outcome and Population Employment Outcome. At the time of Measurement, as specified in Schedule 2, Population Members will fall into one of four classifications:

- (i) Treatment Population Members who Enroll with the Service Provider (“PFS Participants”).
- (ii) Treatment Population Members who do not Enroll with the Service Provider.
- (iii) Control Population Members who Enroll with the Service Provider.
- (iv) Control Population Members who do not Enroll with the Service Provider.

(b) Calculation: The IV estimate of the Population Recidivism Outcome and Population Employment Outcome is based on the following calculation:

- (i) The IV estimate is calculated by dividing the ITT estimate (outlined in Schedule 1, Section 6.6) by the difference between the weighted percentage of the Treatment Population Members that Enrolled with Service Provider, or “ \hat{p}_T ”, and the weighted percentage of the Control Population Members that Enrolled with Service Provider, or “ \hat{p}_C ”.

The formula for the IV estimate is as follows:

$$IV_{RCT} = \frac{\text{ITT estimate}}{\hat{p}_T - \hat{p}_C}$$

where:

$$\hat{p}_T = \frac{\sum_{i=1}^{N_T} S_i^T W_i^T}{\sum_{i=1}^{N_T} W_i^T}$$

$$\hat{p}_C = \frac{\sum_{j=1}^{N_C} S_j^C W_j^C}{\sum_{j=1}^{N_C} W_j^C}$$

\hat{p}_T equals the Weighted Enrolled Treatment Population divided by Weighted Treatment Population, which includes Treatment Population Members who Enroll and those who do not. \hat{p}_C equals Weighted Enrolled Control Population divided by Weighted Control Population, which includes Control Population Members who Enroll and those who do not. S_i^T and S_j^C are variables that equal 1 if the Population Member is Enrolled with the Service Provider and 0 if the Population Member is not. Note that both $\sum_{i=1}^{N_T} W_i^T$ and $\sum_{j=1}^{N_C} W_j^C$ equal N^T .

(ii) The IV estimate for recidivism will be defined as the “Population Recidivism Outcome”. The IV estimate for employment will be defined as the “Population Employment Outcome”.⁴

(c) Example: Given the hypothetical ITT estimate in Schedule 1, Section 6.6(c), the IV estimate would be calculated as follows:

Table 3. Calculating IV Estimate Using Hypothetical Individual Recidivism Outcome Data

Column Reference														
Population Member	Time Period	Site	Treatment Population (NTst)	Control Population (NCst)	Treatment Population Yes/No	Individual Weight	Enrolled in CEO Yes/No	Bed Days	A	B	C	D	E	F
						(w); Treatment = 1; Control = NTst/NCst	1=yes (CEO)	(Y)	Weighted Control Population	Weighted Treatment Population	Weighted Control Population	Weighted Treatment Population	Weighted Control Population	Weighted Treatment Population
1	1	Rochester	1	1	1	1.000	1	91.000	NA	1.000	NA	1.000	NA	91.000
2	1	Rochester	1	1	0	1.000	0	0.000	1.000	NA	0.000	NA	0.000	NA
3	2	NYC	2	1	0	2.000	1	98.000	2.000	NA	2.000	NA	196.000	NA
4	2	NYC	2	1	1	1.000	1	0.000	NA	1.000	NA	1.000	NA	0.000
5	2	NYC	2	1	1	1.000	0	115.000	NA	1.000	NA	0.000	NA	115.000
6	3	NYC	2	1	1	1.000	1	0.000	NA	1.000	NA	1.000	NA	0.000
7	3	NYC	2	1	0	2.000	0	121.000	2.000	NA	0.000	NA	242.000	NA
8	3	NYC	2	1	1	1.000	1	0.000	NA	1.000	NA	1.000	NA	0.000
								Sum	5.000	5.000		2.000	4.000	
											438.000		206.000	

⁴ The standard error of this estimate may be calculated via the two-stage least squares procedure using statistical software without covariates, with weights specified via the “WEIGHT” command. This will not be used in measuring Population Outcomes or Final Outcomes.

Treatment Population

Sum Weighted Enrolled Treatment Population (<i>Sum Column D</i>)	4.000
Sum Weighted Treatment Population (<i>Sum Column B</i>)	5.000
Percentage of Treatment Population Enrolling in Service Provider (Pt=Total Weighted Enrolled Treatment Population / Weighted Treatment Population)	80.000%

Control Population

Sum Weighted Enrolled Control Population (<i>Sum Column C</i>)	2.000
Sum Weighted Control Population (<i>Sum Column A</i>)	5.000
Percentage of Control Population Enrolling in Service Provider (Pc=Total Weighted Enrolled Control Population / Weighted Control Population)	40.000%
Pt-Pc	40.000%

Recidivism IV Estimate (ITT / Pt-Pc)	-116.000
---	-----------------

(i)
$$IV_{RCT} = \frac{\text{ITT estimate}}{\hat{p}_T - \hat{p}_C}, \text{ where:}$$

(A) ITT estimate = -46.400, as outlined in Schedule 1, Section 6.6(c).

(B) \hat{p}_T = Percentage of Treatment Population Members Enrolling in Service Provider = Weighted Enrolled Treatment Population / Weighted Treatment Population, where:

(1) Weighted Enrolled Treatment Population = 4.000, as shown in the "Sum Weighted Enrolled Treatment Population" row in Table 3.

(2) Weighted Treatment Population = 5.000, as shown in the "Sum Weighted Treatment Population" row in Table 3.

(3) Thus, $\hat{p}_T = 4.000 / 5.000 = 80.000\%$.

(C) \hat{p}_C = Percentage of Control Population Members Enrolling in Service Provider = Weighted Enrolled Control Population / Weighted Control Population, where:

(1) Weighted Enrolled Control Population = 2.000, as shown in the "Sum Weighted Enrolled Control Population" row in Table 3.

(2) Weighted Control Population = 5.000, as shown in the "Sum Weighted Control Population" row in Table 3.

(3) Thus, $\hat{p}_C = 2.000 / 5.000 = 40.000\%$.

(D) Thus, $IV_{RCT} = -46.400 / (80.000\% - 40.000\%) = -116.000$.⁵

(E) The process for calculating the IV estimate using Individual Employment Outcome data would be the same, except that the ITT estimate would be based on Individual Employment Outcomes and would be divided by $\hat{p}_T - \hat{p}_C$, where \hat{p}_T = Weighted Enrolled Treatment Population / Weighted Treatment Population and \hat{p}_C = Weighted Enrolled Control Population / Weighted Control Population.

Section 6.8 Insufficient Enrollment Difference. The ITT and IV approach specified in Schedule 1, Sections 6.6 and 6.7 will apply only if the weighted difference between the percentage of Treatment Population Members that Enroll less the weighted percentage of Control Population Members that Enroll with the Service Provider is greater than or equal to 0.3 ($\hat{p}_T - \hat{p}_C \geq 0.300$). Should this difference be less than 0.3, then an "Insufficient Enrollment Difference" will occur. In the event of an Insufficient Enrollment Difference, DOCCS Research will utilize an alternative approach that supplements the methodology outlined in this Schedule 1 with a secondary approach that replaces the Control Population with a historical comparison group using a matching procedure, as outlined in Schedule 1, Appendix 2. DOCCS Research will use this approach to determine the Population Employment Outcome and Population Recidivism Outcome.

ARTICLE VII DETERMINATION OF POPULATION OUTCOMES

Section 7.1 For each of Phase I and II, in accordance with the timeline set forth in Schedule 2, Section 2.2(a) and Section 2.2(b), the Validator will make a Determination. In the case of Early Outcome Process or Accelerated Outcome Process, the Validator will make a Determination in accordance with the timeline set forth in Schedule 1, Section 8.6 and Section 8.7, respectively. Upon such Determination, Population Outcomes will be used to calculate Final Outcomes based on which Outcome Payment will be determined, as described in Article VIII.

ARTICLE VIII CALCULATING FINAL OUTCOMES AND OUTCOME PAYMENT

Section 8.1 Overview

(a) Overview: Except as expressly set forth in this Schedule 1, Outcome Payments for Phase I and II will be determined in accordance with the timeline set forth in Schedule 2, Section 2.2(a) and Section 2.2(b), and via the following steps, which use the Population Outcomes for each of the respective Groups to calculate Final Outcomes and Outcome Payment for each of the respective Groups as set forth below:

⁵ In the actual calculations, the IV estimate will be calculated and rounded to three decimal places.

- (i) Make adjustments to each of the Population Outcomes.
 - (A) DOCCS Research will calculate Final Recidivism Outcome by scaling Population Recidivism Outcome, as specified in Section 8.2 of this Schedule 1.
 - (B) DOCCS Research, in collaboration with NYSDOL, will calculate Final Employment Outcome by adjusting Population Employment Outcome for missing SSNs, as specified in Section 8.3 of this Schedule 1.
 - (C) DOCCS Research will calculate Final Transitional Job Outcome, which will equal the Population Transitional Job Outcome, as specified in Section 8.4 of this Schedule 1.
- (ii) NYSDOL will determine if Minimum Performance Thresholds have been met for each of the Final Outcomes, as specified in Section 8.5(b) of this Schedule 1.
- (iii) NYSDOL will calculate Public Sector Benefits, as specified in Section 8.5(c) of this Schedule 1 by applying the pre-specified Price Per Outcome to the respective Final Outcomes that meet Minimum Performance Thresholds.
- (iv) NYSDOL will apply the payment schedule to determine the Outcome Payment, as specified in Section 8.5(d) of this Schedule 1.

In the case of each of Schedule 1, Sections 8.1(a)(i) – 8.1(a)(iv) above, the calculation and determination will be made as set forth in the steps detailed in Sections 8.2 through 8.7 of this Schedule 1. The Intermediary and Validator may request such information as is reasonably required to review such calculations and determinations to confirm that they are in accordance with this Schedule 1.⁶

Section 8.2 Calculate Final Recidivism Outcome

- (a) Overview: DOCCS Research will multiply the Population Recidivism Outcome by a negative 1 multiplied by a Scaling Factor in order to calculate the Final Recidivism Outcome. The purpose of multiplying the Population Recidivism Outcome by negative 1 is to account for the fact the IV estimate will be negative if Service Provider reduces recidivism, which is one of the goals that this Project seeks to achieve. The purpose of the Scaling Factor is to estimate the 5-year

⁶ If the backup information requested includes individual-level data, then it will be subject to the confidentiality requirements for individual-level data in Section 7.1 of the Agreement. Such requirements may be repeated in data sharing agreements with other state agencies if requested.

impact of the Interventions using data available on Population Members, who will have been observed for 3 years or less, depending on the Population Member.

(b) Calculation of Scaling Factor: DOCCS Research will calculate the Scaling Factor separately for Group I and Group II by completing Table 4, which DOCCS Research will share with NYSDOL and the Intermediary.

(i) Count the number of PFS Participants with Months Observed [N] where N will range from 12 months and less⁷ to 36 months and will be defined as the period between the Population Member's Event Date and the end of the Observation Period.

(ii) Calculate Implied Total Impact Per Month: Multiply the number of PFS Participants with Months Observed [N] by the respective Preset Cumulative Bed Day Impact, specified in Appendix 1, to calculate the Implied Total Impact Per Month.

(iii) Calculate Implied Total Impact: Sum the Implied Total Impact Per Month for each Observation Length to calculate Implied Total Impact and then divide the Implied Total Impact by the number of PFS Participants to estimate the Implied Total Impact Per PFS Participant.

(iv) Calculate Scaling Factor: Divide the preset estimated 60-month impact of 118.7 by the Implied Total Impact Per PFS Participant to calculate the Scaling Factor.

Specifically, the Scaling Factor⁸ will be calculated by:

$$\text{Scaling Factor} = \frac{I_{60}}{\sum_{m=0}^{36} N_m I_m}$$

Where I_m is the cumulative Bed Day difference measured as of month m , N_m is the actual number of PFS Participants with Months Observed of m months, and $I_{60} = 118.700$.

(c) Example: Table 4 shows an example of the Scaling Factor calculation. Only the Input column will be updated with Group I and Group II data separately.

⁷ Project will only have Population Members with 12 months or less of data in the case of an Accelerated Outcome Process.

⁸ Unless there is an Accelerated Outcome Process, the Months Observed [N] will range from 13 – 36.

Table 4. Scaling Factor Using Hypothetical Data

Months Observed	Input: Number of PFS Participants	Preset: Cumulative Bed Day Impact	Total Impact Per Month
	A	B	C (=A*B)
12 and under		29.680	0.000
13	30	36.381	1091.423
14	30	40.101	1203.026
15	30	43.726	1311.774
16	30	46.973	1409.182
17	30	50.072	1502.159
18	30	53.067	1592.013
19	30	56.070	1682.098
20	35	59.005	2065.175
21	35	61.865	2165.271
22	35	64.648	2262.692
23	35	67.337	2356.804
24	50	69.920	3495.980
25	50	72.377	3618.849
26	50	74.709	3735.430
27	50	76.907	3845.366
28	50	78.924	3946.179
29	50	80.824	4041.217
30	50	82.634	4131.710
31	50	84.403	4220.147
32	50	86.111	4305.554
33	50	87.764	4388.218
34	50	89.378	4468.898
35	50	90.941	4547.052
36	50	92.452	4622.611
Total Impact (Sum Column C)			72008.829
PFS Participants (Sum Column A)			1000
Total Impact Per PFS Participant (Total Impact/PFS Participants)			72.009
Preset Estimated 60-Month Impact			118.700
Scaling Factor: (Preset 60-Month Impact/Total Impact Per PFS Participant)			1.648

The Scaling Factor is calculated by dividing the Preset Estimated 60-Month Impact by the Total Impact Per PFS Participant, which in this example is 118.700 / 72.009 = 1.648.

(d) Calculation of Final Recidivism Outcome: DOCCS Research will calculate the Final Recidivism Outcome by multiplying the Scaling Factor by the Population Recidivism Outcome and multiplying by -1.

(e) Example: Continuing the hypothetical example from Section 6.7 of Schedule 1 and using the hypothetical data in Table 4, the Final Recidivism Outcome would be calculated as follows:

(i) Final Recidivism Outcome = Scaling Factor * Population Recidivism Outcome * (-1) where:

(A) Scaling Factor = 1.648, as outlined in Table 4 of Schedule 1.

(B) Population Recidivism Outcome = -116.000 bed days, as outlined in Section 6.7 of Schedule 1.

Thus, the Final Recidivism Outcome = $1.648 * -116.000 * (-1) = 191.215$ bed days.

Section 8.3 Calculate Final Employment Outcome

(a) Overview: A SSN for a Population Member may be missing at the time of Randomization. To account for the fact that some Treatment Population and Control Population Members may not have a valid SSN at the time of Randomization, DOCCS Research and NYSDOL will divide the Population Employment Outcome by the overall percentage of Treatment and Control Population Members for whom a SSN was available at the time of Randomization.

(b) Calculation of Final Employment Outcome: DOCCS Research, in collaboration with NYSDOL will calculate the Final Employment Outcome by dividing the Population Employment Outcome by the overall percentage of Treatment and Control Population Members for whom a SSN was available at the time of Randomization.

(c) Example: For illustrative purposes, if the Population Employment Outcome was 3.600 percentage points and 90% of Treatment and Control Population Members had a SSN available at the time of Randomization, then the Final Employment Outcome would be calculated as follows:

(i) Final Employment Outcome = Population Employment Outcome / percentage of Treatment and Population Members with an SSN available at the time of Randomization, where:

(A) Population Employment Outcome = 3.600 percentage points

(B) Percentage of Treatment and Control Population Members with an SSN available at the time of Randomization = 90.000%

(C) Thus, Final Employment Outcome = 3.600 percentage points / 90.000% = 4.000 percentage points.

Section 8.4 Calculate Final Transitional Job Outcome

(a) Overview: The Final Transitional Job Outcome for each Group I and Group II is equal to the Population Transitional Job Outcome for each Group I and Group II.

Section 8.5 Calculate Outcome Payment

(a) Overview: Public Sector Benefits are calculated for each Final Outcome that meets its Minimum Performance Threshold and a payment schedule is applied to those Public Sector Benefits, as outlined in Schedule 1, Section 8.5(d). This calculated value will be the Outcome Payment NYSDOL makes to the Managing Member.

(b) Application of Minimum Performance Thresholds: Each Final Outcome has a Minimum Performance Threshold. A Final Outcome's Minimum Performance Threshold must be met or exceeded for that Final Outcome's Public Sector Benefits to become available for Outcome Payment, as specified in Table 5.

Table 5. Minimum Performance Thresholds Per Final Outcome

Final Outcome	Minimum Performance Threshold
Final Recidivism Outcome	>= 36.800 bed days
Final Transitional Job Outcome	>= 36.800 bed days ⁹
Final Employment Outcome	>= 5.000 percentage points

(c) Calculation of Public Sector Benefits: The Public Sector Benefits for each of the Final Outcomes that exceed the Minimum Performance Thresholds will be calculated as specified in Table 6. The inputs to the calculation are the Final Outcomes and a Price Per Outcome for each Final Outcome as specified in Table 6.

Table 6. Public Sector Benefits Calculation

Final Outcome	Price Per Outcome	Phase I Public Sector Benefit Calculation	Phase II Public Sector Benefit Calculation
Recidivism	\$85 per day for Phase I, \$90.1 per day for Phase II	Final Recidivism Outcome for Group I * \$85* Number of PFS Participants in Group I ¹⁰	Final Recidivism Outcome for Group II * \$90.1* Number of PFS Participants in Group II
Transitional Job	\$3,120 per person for Phase I, \$3,307 per person for Phase II For a per hour	If Average Hours Worked for Group I is greater than or equal to 111 hours: Final Transitional Job Outcome for Group I * \$3,120	If Average Hours Worked for Group II is greater than or equal to 111 hours: Final Transitional Job Outcome for Group II * \$3,307

⁹ The Minimum Performance Threshold for the Final Transitional Job Outcome is intentionally based on the Final Recidivism Outcome.

¹⁰ For each of Group I and Group II, the number of PFS Participants for purposes of determining Public Sector Benefits will not exceed 1,000.

Final Outcome	Price Per Outcome	Phase I Public Sector Benefit Calculation	Phase II Public Sector Benefit Calculation
	calculation, the Phase I amount is \$20/hr and the Phase II amount is \$21.2/hr	If Average Hours Worked for Group I is less than 111 hours: Final Transitional Job Outcome for Group I *Average Hours Worked * \$20/hr	If Average Hours Worked for Group II is less than 111 hours: Final Transitional Job Outcome for Group II *Average Hours Worked * \$21.2/hr
Employment	\$6,000 per person for Phase I, \$6,360 per person for Phase II	Final Employment Outcome for Group I * \$6,000 * Number of PFS Participants in Group I, up to a maximum value of \$2,000,000.	Final Employment Outcome for Group II * \$6,360 * Number of PFS Participants in Group II, up to a maximum value of \$2,000,000.

(d) Application of Payment Schedule: NYSDOL will make an Outcome Payment to the Managing Member, according to the following payment schedule:

(i) Overview: For Phase I and Phase II Outcome Payments, NYSDOL will calculate the Public Sector Benefits for Final Outcomes in accordance with Table 6 for each of the Final Outcomes that meet the Minimum Performance Thresholds specified in Table 5. Public Sector Benefits will be included in the calculation of Outcome Payments only if the relevant Final Outcome meets the Minimum Performance Thresholds. If a Final Outcome does not meet its Minimum Performance Threshold, as outlined in Table 5, then the Public Sector Benefits associated with that Final Outcome will not be calculated or included in the Outcome Payment. If none of the Final Outcome meet the respective Minimum Performance Thresholds, then there will be no Outcome Payment. The Outcome Payment for Phase I or Phase II will be the sum of:

(A) 100% of the Public Sector Benefits from Final Employment Outcome¹¹; and

(B) 100% of the Public Sector Benefits from Final Recidivism and Final Transitional Job Outcomes up to the value of the Phase I Drawdown Amount in Phase I, and up to the Phase II Drawdown Amount in Phase II; and

¹¹ Public Sector Benefits from Final Employment Outcome available for Outcome Payment may not exceed \$2,000,000.

(C) 50% of the Public Sector Benefits from Final Recidivism and Final Transitional Job Outcomes beyond the value of the Phase I Drawdown Amount in Phase I, and beyond the Phase II Drawdown Amount in Phase II;

(D) The Outcome Payment will be the sum of Schedule 1, Section 8.5(d)(i)(A), 8.5(d)(i)(B), 8.5(d)(i)(C), capped at the Maximum Outcome Payment for that Phase.

(ii) Example: A hypothetical example of the calculation of Outcome Payment is outlined in Table 7, which uses the hypothetical Final Outcomes from this Schedule 1, Section 8.2 and 8.3.

Table 7. Example Phase I Outcome Payment Calculation for Group I, assuming N₁=1000

Final Employment Outcome: 4.000 percentage points	4.000 percentage points < 5.000 percentage point threshold	Threshold not met
Final Recidivism Outcome: 191.215 bed days	191.215 bed days >= 36.800 bed day threshold	Threshold met
Final Transitional Job Outcome: 650 PFS Participants ¹²	191.215 bed days >= 36.800 bed day threshold	Threshold met
Final Employment Outcome: 4.000 percentage points	N/A	= \$0
Final Recidivism Outcome: 191.215 bed days	191.215 bed days * 1,000 * \$85	= \$16,253,275
Final Transitional Job Outcome: 650 PFS Participants	650 PFS Participants * \$3,120	= \$2,028,000
ESTIMATED PUBLIC SECTOR BENEFITS		= \$18,281,275
100% of Public Sector Benefits from Final Employment Outcome		= \$0
100% of Public Sector Benefits from Final Recidivism and Transitional Job Outcomes up to value of Phase I Drawdown Amount		= \$6,832,000
50% of Public Sector Benefits from Final Recidivism and Transitional Job Outcomes thereafter = 50% * (\$16,253,275+ \$2,028,000 - \$6,832,000)		= \$5,724,638
PHASE I OUTCOME PAYMENT, capped at the Maximum Outcome Payment for Phase I (\$11,095,000)		= \$11,095,000

(e) Release of Outcome Payment

¹² Assumes that Average Hours Worked for PFS Participants that Engage in Transitional Jobs is greater than or equal to 111.

- (i) NYSDOL will pay Managing Member, for the benefit of Investors, the Outcome Payment as specified in Section 6.4 of the Agreement.
- (ii) As specified in Section 6.4(b)(ii) of the Agreement, if the Phase I Outcome Payment due to Managing Member (A) is greater than the Grant Amount or (B) is greater than the funds available under the Grant at the time such payment is due to the extent attributable to (x) differences between the Grant Agreement at such time and this Agreement, including Schedule 1 or (y) Federal funding for the Grant being unavailable due to appropriation or other budget-related failure or (z) the Grant having been withdrawn, then in the case of clauses (A) or (B), NYSDOL will supplement the Grant Funds and pay Managing Member the balance of the Phase I Outcome Payment from State funds, up to a maximum of \$11,095,000.

(A) Example: Table 8 outlines a hypothetical example of one scenario in which NYSDOL would supplement the Grant Funds and pay Managing Member the balance of the Phase I Outcome Payment from State funds pursuant to Section 6.4(b)(ii) of the Agreement. In this hypothetical example, the Phase I Outcome Payment due to Managing Member is greater than the funds available under the Grant at the time such payment is due to the extent attributable to the circumstances outlined in the Section 6.4(b)(ii) of the Agreement, including Schedule 1. Specifically, (1) Minimum Performance Thresholds in the Grant Agreement are different than those in this Agreement, as specified in Table 5 and (2) one or more of the Final Outcomes is at a level between the Minimum Performance Thresholds in the Grant Agreement and this Agreement.

Table 8. Hypothetical Phase I Outcome Payment Calculation for Group I where a) Grant Agreement Performance Thresholds are less than Table 5 and b) Final Outcomes are less than Grant Agreement Performance Threshold

Assumes, PFS Participants=1000, Grant Agreement Performance Threshold is 55 for Final Recidivism Outcome and 46 for Final Transitional Job Outcome

Final Employment Outcome: 4.000 percentage points	4.000 percentage points < 5.000 percentage points threshold	Threshold not met
Final Recidivism Outcome: 40.000 bed days	40.000 bed days >= 36.800 bed day Table 5 threshold 40.000 bed days < 55.000 bed day Grant Agreement threshold	Table 5 threshold met Grant Agreement threshold not met

Final Transitional Job Outcome: 650 PFS Participants ¹³	40.000 bed days >= 36.800 bed day Table 5 threshold	Table 5 threshold met
	40.000 bed days < 46.000 bed day Grant Agreement threshold	Grant Agreement threshold not met
Final Employment Outcome: 4.000 percentage points		N/A = \$0
Final Recidivism Outcome: 40.000 bed days	40.000 bed days * 1,000 PFS Participants * \$85	= \$3,400,000
Final Transitional Job Outcome: 650 PFS Participants	650 PFS Participants * \$3,120	= \$2,028,000
ESTIMATED PUBLIC SECTOR BENEFITS		= \$5,428,000
100% of Public Sector Benefits from Final Employment Outcome		= \$0
100% of Public Sector Benefits from Final Recidivism and Transitional Job Outcomes up to value of Phase I Drawdown Amount		= \$5,428,000 (paid by NYSDOL)
50% of Public Sector Benefits from Final Recidivism and Transitional Job Outcomes thereafter		N/A
PHASE I OUTCOME PAYMENT, (paid by NYSDOL), capped at the Maximum Outcome Payment for Phase I (\$11,095,000)		= \$5,428,000

Section 8.6 Early Outcome Process

(a) If this Agreement is terminated pursuant to Section 11.1 of the Agreement and an Early Outcome Payment is required under an Early Outcome Process pursuant to Section 11.3(c)(ii) (such date of delivery of notice of termination, the “Early Outcome Termination Date” occurs on the last day of the 90-Day Period), then the following will occur:

(i) During the Capped Period: If the Early Outcome Termination Date takes place during the Capped Period, then the Early Outcome Process will proceed as follows:

(A) Measurement will begin on the 12th month anniversary of the Early Outcome Termination Date and will be completed within 105

¹³ Assumes that Average Hours Worked for PFS Participants that Engage in Transitional Jobs is greater than or equal to 111.

days of the 12 month anniversary of the Early Outcome Termination Date.

(B) Only Population Members Randomized before the Early Outcome Termination Date will be included in the Measurement of Individual, Population, and Final Outcomes.

(C) Measurement of Individual, Population, and Final Outcomes and calculation of Early Outcome Payment will follow the procedures specified in Schedule 1, except that notwithstanding anything to the contrary in Schedule 1, the following will apply:

(1) A Determination will be made within 30 days of receipt of the Population Outcomes and will be made no later than 135 days from 12 month anniversary of Early Outcome Termination Date,

(2) Final Outcomes and Early Outcome Payment will be calculated by the 150th day following the 12 month anniversary of Early Outcome Termination Date. If a Final Outcome does not meet its Minimum Performance Threshold, as outlined in Table 5, then the Public Sector Benefits associated with that Final Outcome will not be calculated or included in the Early Outcome Payment. If none of the Final Outcome meet the respective Minimum Performance Thresholds, then there will be no Early Outcome Payment.

(3) The maximum Early Outcome Payment will be determined as outlined in Section 8.6 (iii) of this Schedule 1.

(4) NYSDOL will pay Managing Member any Early Outcome Payment no later than 180 days following the 12-month anniversary of an Early Outcome Termination Date.

(ii) After the Capped Period: If the Early Outcome Termination Date takes place after the Capped Period, then the Early Outcome Process will be the same as the procedures specified in Schedule 1, Section 5.1 – Section 8.5 except as specified below.

(A) Final Outcomes of Group I and Group II, and any associated Early Outcome Payments, will be measured separately. Measurement of Individual, Population, and Final Outcomes and calculation of Early Outcome Payment will follow the procedures specified in Schedule 1, except that notwithstanding anything to the contrary in Schedule 1, the following will apply:

(1) Measurement will begin on the earlier of the 12th month anniversary of the Early Outcome Termination Date, or on the last date of the Observation Period, and will be completed by the earlier

of the 105 days of the 12 month anniversary of the Early Outcome Termination Date, or the date specified in this Schedule 1, Article V and VI.

(2) Only Population Members Randomized before Early Outcome Termination Date will be included in the Measurement of Individual, Population, and Final Outcomes.

(3) A Determination will be made within 30 days of receipt of the Population Outcomes and will not exceed the earlier of 135 days from 12 month anniversary of Early Outcome Termination Date or the date specified in this Schedule 1, Article VII.

(4) Final Outcomes and Early Outcome Payment will be calculated by the earlier of the 150th day following the 12 month anniversary of Early Outcome Termination Date or the date specified in this Schedule 1, Article VIII. If a Final Outcome does not meet its Minimum Performance Threshold, as outlined in Table 5, then the Public Sector Benefits associated with that Final Outcome will not be calculated or included in the Early Outcome Payment. If none of the Final Outcome meet the respective Minimum Performance Thresholds, then there will be no Early Outcome Payment.

(5) The maximum Early Outcome Payment will be determined as outlined in Section 8.6(iii) of this Schedule 1.

(iii) In the case of an Early Outcome Process, the maximum Early Outcome Payment will not exceed an amount that would imply an internal rate of return in excess of those specified in Table 9, plus – when applicable – the value of the Prorated Intermediary Success Fee.

(1) For termination pursuant to any of clauses (a), (b), (c), (e), or (j) of Section 11.1 of the Agreement, the maximum Early Outcome Payments will be the product of:

i) Total Phase I or Phase II Costs, as applicable, incurred by the Intermediary and Investor LLC in the Project up until the 150th day following the 12 month anniversary of Early Outcome Termination Date, which is the date of the Early Outcome Payment calculation, and

ii) The sum of (1) one and (2) the Maximum IRR, the value of which is raised to the power of the quotient of (1) the number of

days between the beginning of the applicable phase and the date of the Early Outcome Payment calculation¹⁴ and (2) 365.

iii) This equation is specified as follows:

(Total Phase I or Phase II Costs) * ((1+ Maximum IRR)^(number of days between the beginning of the applicable phase and the date of the Early Outcome Payment calculation / 365))

iv) For example, if the Early Outcome Termination Date was within 140 days (less than 5 months) of the Project Start Date and the Total Phase I Costs were \$3,000,000, then the implied Maximum IRR would be 4.000% and the maximum Early Outcome Payment for Phase I would be \$3,045,472.85.

(2) For termination pursuant to any of clauses (d), (f), (h) or (k) of Section 11.1 of the Agreement, the maximum Early Outcome Payment will be the sum of:

i) The product of:

A) Total Phase I or Phase II Costs, as applicable, incurred by the Intermediary and Investor LLC in the Project up until the 150th day following the 12 month anniversary of the Early Outcome Termination Date, which is the date of the Early Outcome Payment calculation, and

B) The sum of (1) one and (2) the Maximum IRR, the value of which is raised to the power of the quotient of (1) number of days between the beginning of the applicable phase and the date of the Early Outcome Payment calculation and (2) 365.

ii) Plus the Prorated Intermediary Success Fee.

iii) This equation is specified as follows

(Total Phase I or Phase II Costs) * ((1+ Maximum IRR)^(number of days between the beginning of the applicable phase and the date of the Early Outcome Payment calculation / 365)) + Prorated Intermediary Success Fee

iv) For example, if the Early Outcome Termination Date was within 140 days (less than 5 months) of the Project Start Date and

¹⁴The beginning of the applicable phase is the Project Start Date if the applicable phase is Phase I and the 24th month anniversary of the Project Start Date if the applicable phase is Phase II.

the Total Phase I Costs were \$3,000,000, then the implied Maximum IRR would be 4.000% and the maximum Early Outcome Payment for Phase I would be \$3,045,472.85 plus the value of the Prorated Intermediary Success Fee.

Table 9. Implied Maximum IRR in case of Early Outcome Process

Months between Early Outcome Termination Date and Project Start Date	Implied Maximum Return on Investment (“Maximum IRR”)
1	1.000%
2	2.000%
3	3.000%
4	4.000%
5	5.000%
6	6.000%
7	7.000%
8	8.000%
9	9.000%
10	10.000%
11	11.000%
12	12.000%
More than 12	12.450%

Section 8.7 Accelerated Outcome Process

- (a) If an Accelerated Outcome Payment must be determined pursuant to Section 12.3 of the Agreement, the following will apply:
 - (i) Group I and Group II will be considered separately.
 - (ii) The parties will jointly determine the timing by which (1) Measurement of Individual Outcomes and Population Outcomes, (2) Determination, (3) calculation of Final Outcomes, and (4) determination of the Accelerated Outcome Payment can take place so that the Accelerated Outcome Payment may be paid to Managing Member within the time required by Section 12.2 (by September 15 of the year in which the Appropriations Failure occurs).
 - (iii) Only Population Members Randomized before the date of the notice given by NYSDOL or Intermediary to terminate and proceed to an Accelerated Outcome Process pursuant to Section 12.1 of the Agreement (the “AOP Date”) will be included in the analysis.
 - (iv) Measurement of Individual Outcomes and Population Outcomes will follow the procedures specified in Schedule 1, except that

notwithstanding anything to the contrary in Schedule 1, the following will apply:

- (A) Measurement of Individual Outcomes and Population Outcomes, Determination and calculation of Accelerated Outcome Payments will occur with the data available as of the measurement date determined via the process specified in Schedule 1, Section 8.7(a)(ii) and will conclude no later than August 15th of the year in which the Appropriations Failure occurs.
- (B) Only PFS Participants who Enrolled more than 2 months prior to the AOP Date will be included in the calculation of Average Hours Worked.
- (C) Only Population Members who were Randomized more than 2 months prior to the AOP Date will be included in the calculation of Individual, Population, and Final Recidivism Outcomes.
- (D) Only Population Members with at least four quarters of data after the Event Date in the Master Data File at the measurement date determined according to Schedule 1, Section 8.7(a)(ii) will be included in the calculation of Individual, Population, and Final Employment Outcomes.
- (E) Public Sector Benefits will be calculated in accordance with Table 6; for the purposes of Accelerated Outcome Payment, in such calculation, the Final Outcomes will be applied to all PFS Participants, even those PFS Participants who were not included in the Measurement of Individual, Population, and Final Outcomes. If a Final Outcome does not meet its Minimum Performance Threshold, as outlined in Table 5, then the Public Sector Benefits associated with that Final Outcome will not be calculated or included in the Accelerated Outcome Payment. If none of the Final Outcomes meet the respective Minimum Performance Thresholds, then there will be no Accelerated Outcome Payment.

SCHEDULE 1, APPENDIX 1: Table for Scaling

Months Observed	Preset: Cumulative Bed Day Impact
12 months or less ¹⁵	29.680
13	36.381
14	40.101
15	43.726
16	46.973
17	50.072
18	53.067
19	56.070
20	59.005
21	61.865
22	64.648
23	67.337
24	69.920
25	72.377
26	74.709
27	76.907
28	78.924
29	80.824
30	82.634
31	84.403
32	86.111
33	87.764
34	89.378
35	90.941
36	92.452

¹⁵ The 12 months or less scaling factor will only be utilized in the case of Accelerated Outcome Process, as specified in Schedule 1, Section 8.7.

SCHEDULE 1, APPENDIX 2: ALTERNATIVE MEASUREMENT APPROACH IN CASE OF INSUFFICIENT ENROLLMENT DIFFERENCE

As outlined in Section 6.8 of this Schedule 1, the ITT and IV approach specified in Schedule 1, Sections 6.6 and 6.7 (“RCT Approach”) will apply only if the weighted difference between the percentage of Treatment Population Members that Enroll less than the weighted percentage of Control Population Members that Enroll with the Service Provider (“Enrollment Difference”) is greater than or equal to 0.3. Should the Enrollment Difference be less than 0.3, then an Insufficient Enrollment Difference will occur. In the event of an Insufficient Enrollment Difference, DOCCS Research will utilize an alternative approach (“Alternative Measurement Approach”) that supplements the methodology outlined in this Schedule 1 with a secondary approach that replaces the Control Population with a historical comparison group (“Baseline Population”) using a matching procedure (“Historical Baseline Approach”), as outlined in this Schedule 1, Appendix 2, to determine the Alternative Population Employment Outcome and Alternative Population Recidivism Outcome.¹⁶

Under the Alternative Measurement Approach, as specified in Table 10, DOCCS Research will weight the Population Outcomes that result from the RCT Approach and the Historical Population Outcomes that result from the Historical Baseline Approach in order to arrive at the Alternative Population Employment Outcome and Alternative Population Recidivism Outcome upon which a Determination is made and based upon which Final Outcomes are calculated, in accordance with Articles VII and VIII of this Schedule 1.¹⁷¹⁸ The Alternative Measurement Approach will be completed within the Measurement Period, as specified in Schedule 2, Section 2.2, of the Phase in which there is an Insufficient Enrollment Difference. Subsequent Determination and calculation of Final Outcomes and Outcome Payments will also be completed in accordance with the timelines set forth in Schedule 2, Section 2.2. All data will be maintained in accordance with Article IV of this Schedule 1.

¹⁶ Since Population Transitional Job Outcomes are measured for PFS Participants only, an Alternative Measurement Approach is not necessary for this metric. In the case of an Insufficient Enrollment Difference, Population Transitional Job Outcomes will be calculated in accordance with Section 6.4 of this Schedule 1.

¹⁷ Determination and calculation of Final Transitional Job Outcome and Outcome Payment will also be made on Population Transitional Job Outcome, which does not require an Alternative Measurement Approach.

¹⁸ For purposes of calculating Final Outcomes in the case of an Insufficient Enrollment Difference, the Population Employment and Recidivism Outcomes will be replaced by Alternative Population Employment and Recidivism Outcomes.

DOCCS Research will use the following Alternative Measurement Approach, depending on the size of the Enrollment Difference:

Table 10. Alternative Measurement Approach

Enrollment Difference	Weight Applied to Population Outcomes and Historical Population Outcomes
>= 0.200 and < 0.300	Assign 0.330 weight to Historical Population Outcomes and 0.670 weight to Population Outcomes
>= 0.100 and < 0.200	Assign 0.670 weight to Historical Population Outcomes and 0.330 weight to Population Outcomes
< 0.1000	Assign 1.000 weight to Historical Population Outcomes and no weight to Population Outcomes

For example, if (1) the Enrollment Difference is 0.250; (2) the Population Recidivism Outcome, as calculated in accordance with Article VI of this Schedule 1, is -116.000 bed days; and (3) the Historic Population Recidivism Outcome is -90.000 bed days, as calculated in accordance with Appendix 2 of this Schedule 1, then DOCCS Research would employ the following Alternative Measurement Approach:

$$0.330 * (\text{Historic Population Outcome}) + 0.670 * (\text{Population Outcome}) = \text{Alternative Population Outcome}$$

Thus, the Alternative Population Recidivism Outcome in this example would be:

$$0.330 * (-90.000 \text{ bed days}) + 0.670 * (-116.000 \text{ bed days}) = -29.700 \text{ bed days} + -77.720 \text{ bed days} = -107.420 \text{ bed days.}$$

In this example, a Determination would be made regarding this hypothetical Alternative Population Recidivism Outcome, and the Final Recidivism Outcome would be calculated in accordance with Article VIII of this Schedule 1 based on the Alternative Population Recidivism Outcome.

Historical Baseline Approach

This section outlines the Historical Baseline Approach, which will be used as part of the Alternative Measurement Approach in the case of an Insufficient Enrollment Difference, as specified in Table 10 of this Appendix 2 to Schedule 1. The goal of this approach is to estimate the effect of Enrolling in Service Provider by matching each individual in the Treatment Population of the Phase in which the Alternative Measurement Approach is employed to a similar individual who was released prior to the start of the Project (a “Baseline Population Member”). The basic procedure has four steps:

1. Create the combined data set that will serve as the basis of the matching analysis;
2. Set up the matching analysis, and, in particular, estimate the Propensity Score;
3. Perform the matching procedure; and
4. Estimate the Historical Population Outcomes.

Within 12 months of the Project Start Date, DOCCS Research will complete step 1.a specified below regardless of the need for an Alternative Measurement Approach. If there is an Insufficient Enrollment Difference, then DOCCS Research will complete subsequent steps 1.b through step 4 by the end of the Measurement Period of the applicable Phase, as specified in Schedule 2, Section 2.2.

Apart from step 1, the Historical Baseline Approach analysis would be performed separately for Groups I and II.

The Historical Baseline Approach outlined in this Appendix 2 to Schedule 1 will be supplemented by a technical addendum to this Appendix 2 to be jointly developed by DOCCS Research, DOL, Validator, and Intermediary by the Service Commencement Date plus 60 calendar days. This will include the specific additional details necessary to measure Population Outcomes given an Insufficient Enrollment Difference and therefore determine the level of Outcome Payment, if any is due.

1. Create the combined data set.

- a. *Assemble the sample.* DOCCS Research will assemble a list of individuals who meet the following criteria (“Historical Sample Members”):
 - i. Meet criteria (ii) – (vii) of Section 3.2(a) of Schedule 2, specifically:
 1. Supervision Level 1 or 2 according to the COMPAS Risk Assessment Tool;
 2. Scheduled for release and assigned to:
 - a. NYC from Queensboro Correctional Facility;

- b. One of the NYC PFS Target Bureaus¹⁹ directly from Prison; or
 - c. Rochester Metro directly from Prison
 - 3. Have at least six months of Community Supervision remaining at time of release;
 - 4. Male;
 - 5. Projected age at release equal to or greater than 215 months (17 years and 11 months);
 - 6. Not a sex offender, an arsonist, seriously mentally ill, a Shock Release Hearing Type, a Harlem Reentry Court case, or an undocumented and “status unknown” foreign-born individual as defined in the DOCCS system.
- ii. Released from April 1, 2012 through the day before the Service Commencement Date;

Data from Historical Sample Members will be stored in a separate file, known as the Historical Sample File, and in accordance with the data storage procedure laid out in Section IV of Schedule 1. All Covariate Variables²⁰ from the time of the Historical Sample Member’s Event Date will also be added to the Historical Sample File for each individual within 12 months of the Project Start Date. Note that Historical Sample Members will include both individuals who Enrolled or who may Enroll with the Service Provider as well as those who did not.

In the case of an Insufficient Enrollment Difference:

- b. *Merge data files.* After the end of the Observation Period of the applicable Phase, DOCCS Research will create a new file, which will combine the Population Members in the Historical Sample File and the Treatment Population in the Master Data File into a single data file (“Baseline File”) which will be adjusted as follows:
 - i. As an individual may appear in the Historical Sample Data File and the Treatment Population, DOCCS Research will remove from the Baseline File any Historical Population Member that is also a Treatment Population Member.²¹
 - ii. All individuals in the Control Population are removed from the Baseline File.

¹⁹ It may become necessary to add additional PFS Target Bureaus in order to achieve a sufficient number of Enrolled Treatment Population Members, according to the Project Change Request process outlined in Schedule 4 of this Agreement.

²⁰ Covariate Variables are enumerated in Schedule 2 to this Agreement.

²¹ The Treatment Population Member will remain in the Baseline File.

- iii. The file will be updated to include an indicator variable (pfs_study) that is set to 1 if the individual is a Treatment Population Member and 0 if the individual is a Historical Sample Member; and
- iv. At this stage of the analysis, no Recidivism, Employment, or Intervention²² Data from the Master Data File should be present in the Baseline File.

The Historical Sample Members who remain in the Baseline File will be considered the "Baseline Population Members".

2. Set up matching procedure.

- a. *Data cleaning.* Following the procedure in Appendix 4, DOCCS Research will ensure that all individuals in the Baseline File have complete Covariate Variables.
- b. *Estimate the Propensity Score.* Propensity score matching is a statistical matching technique that attempts to estimate the effect of an intervention by accounting for the covariates that predict receiving the intervention. Using a pre-specified statistical programming code, DOCCS Research will estimate a Propensity Score, which is the individual's probability of being assigned to the Treatment Group. DOCCS Research will estimate the Propensity Score by fitting a logistic regression²³ to predict pfs_study (whether an individual is assigned to the Treatment Population as outlined in step 1.b) based on the Covariate Variables specified in Appendix 5. Based on the estimated regression model, DOCCS Research will predict the fitted value (\widehat{PS}) for each individual, which is a number strictly between 0 and 1. Finally, DOCCS Research will create the Linearized Propensity Score, LPS, for each individual, which is determined via the logit transformation²⁴:

$$LPS = \log\left(\frac{\widehat{PS}}{1 - \widehat{PS}}\right)$$

The resulting value LPS will be the individual's Propensity Score and will be added to the Baseline File.

- c. *Set the Propensity Score Caliper.* By no later than the Service Commencement Date plus 60 calendar days, DOCCS Research will set the Caliper based on a review of the academic literature and exploratory analyses

²² Except for the indication of whether the individual Enrolled in Service Provider, as specified in step 1.b.

²³ The equation of the logistic regression will be specified by DOCCS Research (where \widehat{PS} is the dependent variable and the Covariate Variables are independent variables) by the Service Commencement Date plus 60 calendar days.

²⁴ A logit transformation is a function within statistical software that can be used to fit a model when the dependent variables are proportions.

of the Historical Sample Members. The exact Caliper value will be set in statistical code that is shared with all interested project parties, including Parties to this Agreement, before the Service Commencement Date plus 60 calendar days.

3. Create matched data set.

- a. *Specify pools of exact matches.* DOCCS Research will divide the Baseline File into Pools²⁵ of individuals who exactly match the following criteria:
 - i. First, individuals will be divided into three groups based on release locations. The groups will comprise a) individuals Released to Rochester Metro, b) individuals Released to Queensboro Correctional Facility, and c) individuals Released to NYC (non-Queensboro Correctional Facility). If additional Bureaus are added during the course of the Project, the Historical Sample File will be updated to include those Released to the additional Bureaus and who meet the criteria set forth in step 1.a²⁶.
 - ii. Second, individuals within each geographic subset will be further divided into those with COMPAS Supervision Level 1 and those with COMPAS Supervision Level 2.
- b. *Find matches within each Pool.* Within the appropriate Pool, DOCCS Research will repeat the following steps for all Treatment Population Members.
 - i. Compute the distance between the Treatment Population Member and every Baseline Population Member in the same Pool, with distance defined as:
$$dist_{ij} = |LPS_{Treatment,i} - LPS_{Baseline,j}|$$
 - ii. For the Treatment Population Member i for whom a Baseline Population Member match is being sought, exclude all Baseline Population Members j such that $dist_{ij} > [caliper]$.
 - iii. Select as the match for Treatment Population Member i , the Baseline Population Member j that minimizes this distance.²⁷

²⁵ At the end of this process, there will be six Pools, including: (1) Released to Rochester Metro and COMPAS Supervision Level 1; (2) Released to Rochester Metro and COMPAS Supervision Level 2; (3) Released to Queensboro Correctional Facility and COMPAS Supervision Level 1; (4) Released to Queensboro Correctional Facility and COMPAS Supervision Level 2; (5) Released to NYC (non-Queensboro Correctional Facility) and COMPAS Supervision Level 1; and (6) Released to NYC (non-Queensboro Correctional Facility) and COMPAS Supervision Level 2.

²⁶ Note that these individuals will not meet the criterion in step 1.a(i)(2) regarding the Bureau to which they were released, however, they will still be added to the Baseline File.

²⁷ A single Baseline Population Member may end up serving as the match for more than one Treatment Population Member. This is because the COMPAS score is not available for individuals Released before January 1, 2012, and thus, the Historical Baseline File is relatively limited.

Once this has been repeated for all Pools, DOCCS Research will remove all Treatment Population Members without matches and all Baseline Population Members without matches from the Baseline File, and create a new data file with the matched individuals called the “Matched Data File”. Some Baseline Population Members will appear more than once in the matched file if they were the best match for more than one Treatment Population Member. A variable will be added to each Treatment Population Member giving the NYSID of that individual's matching Baseline Population Member. If the matching procedure described here leaves more than 10 percent of Treatment Group Members unmatched, then DOCCS Research will follow the relevant remedy in Appendix 3.

- c. *Check quality of matching procedure.* In the Matched Data File, DOCCS Research will assess whether the Covariate Variables are balanced between the Treatment Population and Baseline Population. To do so, DOCCS Research will compare the normalized differences between the covariates of the two groups. The exact procedure and the cut off for triggering the remedy in Appendix 3 will be specified in computer code that will be shared with all parties before the Service Commencement Date plus 60 calendar days.
- d. *Share matching quality results.* DOCCS Research will share summary statistics on the match quality with Parties and Validator. The Validator will review these statistics before DOCCS Research continues to measure Population Outcomes. If the Validator does not approve the match according to criteria that DOCCS Research, the Validator, and the Intermediary jointly define and agree to before the Service Commencement Date plus 60 calendar days, then the Validator will recommend a remedy to the Governance Committee.

4. Add outcome data to the Data File.

- a. *Add Recidivism, Employment, and Intervention Data.* Using the NYSID, DOCCS Research will match the Matched Data File to the Recidivism, Employment, and Intervention Data.²⁸ DOCCS Research will manually audit 20 Treatment Population Members' and 20 Baseline Population Members' associated Matched Data File with assistance from NYSDOL as necessary to ensure that correct data points are successfully matched to each Population Member.

²⁸ For Baseline Population Members, DOCCS Research may need to obtain additional Recidivism, Employment and Intervention Data from DOCCS, NYSDOL, and CEO, respectively for periods of time and/or individuals outside the Observation Period of the applicable Phase.

- b. *Ensure observation time is comparable between Treatment Population and Baseline Population.* DOCCS Research will determine the amount of time between an individual's Event Date and the end of the Observation Period for each Treatment Population Member. Then for each Baseline Population Member DOCCS will calculate the number of bed days or other outcome of interest that would have been observed after the same amount of post-release observation time has lapsed as the Population Member who they have been matched to.²⁹
- c. *Determine Enrollment.* DOCCS Research will update the Historical Sample File with data on whether any Historical Sample Member Enrolled in Service Provider during the Observation Period that matches the length of the Observation Period for the Treatment Group Member to whom the Historical Sample Member was matched. To do so, DOCCS Research will use NYSIDs to match the data in the Historical Sample File to Intervention Data, and the Service Provider's regular reports to DOCCS Research.³⁰ The Historical Sample File will include a single variable (ceo_participant) that has a value of 1 if the individual Enrolled in Service Provider and a value of 0 if not.

5. **Estimate the Historical Population Outcomes.** Using the Matched Data File, DOCCS Research will use a Two-Stage Least Squares (TSLS) methodology to calculate an IV estimate separately for Employment and Recidivism Outcomes:

$$Y_i = \alpha + \sum_{k=1}^K \beta_k X_{ik} + \gamma_g I_{gi} + \tau \hat{D}_i + \varepsilon_i$$

$$D_i = \alpha' + \sum_{k=1}^K \beta'_k X_{ik} + \gamma'_g I_{gi} + \nu Z_i + \eta_i$$

where Y_i is the Employment or Recidivism Outcome; α and α' are the intercept terms, β_k and β'_k are the coefficients for X_{ik} ; X_{ik} are individual-level Covariate Variables, $k = 1, \dots, K$, specified in the Appendix; I_{gi} is an indicator for which Pool (Rochester Supervision Level 1, Rochester Supervision Level 2, NYC Queensboro Supervision Level 1, NYC Queensboro Supervision Level 2, NYC Non-Queensboro Supervision Level 1, NYC Non-Queensboro Supervision Level 2) the individuals are from; γ_g and γ'_g is the coefficient on those indicators; D_i is an indicator for Enrollment in Service Provider; τ is the coefficient on D_i , Z_i is an indicator for being in the Treatment Population; ν is the coefficient for Z_i ; and ε_i and η_i are regression error terms.

²⁹ For example, if a Treatment Population Member has been observed for 2.5 years, then DOCCS Research will measure what happened to the Baseline Population Member to whom the individual was matched during the 2.5 years after the Baseline Population Member was released.

³⁰ DOCCS Research may require additional data, beyond what is already being provided as a part of the PFS Project according to Schedule 1 (e.g.: records from dates prior to Project Start Date), from Service Provider in order to determine if Historical Sample Members Enrolled.

The TSLS estimate (τ) based on Individual Recidivism Outcomes of the Treatment Population and Baseline Population will be the Historical Population Recidivism Outcome. The TSLS estimate (τ) based on Individual Employment Outcomes of the Treatment Population and Baseline Population will be the Historical Population Employment Outcome. This estimate is analogous to the IV estimate for the RCT Approach as it represents the impact per person served by Service Provider.³¹

DOCCS Research will also calculate the ITT estimate and IV estimate using Individual Outcomes, as outlined in Section 6.6 and 6.7 of this Schedule 1, to derive Population Outcomes to be used in accordance with Table 10.

DOCCS Research will apply the weights specified in Table 10 to the Historical Population Outcomes and Population Outcomes in order to determine the Alternative Population Recidivism Outcome and Alternative Population Employment Outcome. Validator will make a Determination on these Alternative Population Outcomes³² and Alternative Population Outcomes will be used in place of Population Outcomes to calculate Final Outcomes per Schedule 1.

³¹ Standard errors can be computed using heteroskedasticity-consistent estimates that account for clustering between observations (“robust cluster” standard errors). Standard errors will not determine payment but will provide additional information as part of the evaluation.

³² Validator will specify, subject to agreement by The Parties, additions or amendments to the validation methodology required in the case of an Insufficient Enrollment Difference by the Service Commencement Date plus 60 calendar days.

SCHEDULE 1, APPENDIX 3: SECONDARY PROCEDURE IF THERE ARE INSUFFICIENT MATCHES

Any concerns about the quality of the matches shall be resolved before Recidivism, Employment, and Intervention³³ Data is added to the Matched Data File. If an insufficient number of individuals, as specified below, match, as specified in Step 3.b. of Appendix 2 to this Schedule 1, then DOCCS Research will adjust the Caliper in the following way:

- Increase the Caliper size by 25% relative to the previous Caliper;
- Re-run the matching procedure (steps 2 and 3 of Appendix 2 to this Schedule 1) with the new Caliper size; and
- Check the proportion of un-matched Treatment Population Members.

If the proportion of unmatched Treatment Population Members is below 10%, then DOCCS Research will accept this match. If the Caliper is greater than two standard deviations of the Linearized Propensity Score and the proportion of unmatched Treatment Population Members is still above 10%, then the Validator shall recommend a solution to the Governance Committee. Only after the solution has been agreed upon by the Governance Committee, in accordance with the process for reviewing Level 1 changes in Schedule 4, shall DOCCS Research proceed to incorporate Recidivism, Employment, and Intervention Data into the Matched Data File and calculate Historical Population Outcomes.

³³ Except for the Enrollment flag that has already been added to the File.

SCHEDULE 1, APPENDIX 4: PROCEDURE FOR MISSING COVARIATES IN PROPENSITY SCORE ESTIMATION

Based on exploratory analyses of the Historical Sample Members, fewer than 1 in 1000 cases are expected to have any missing Covariate Variables. If the Treatment Population shows a similar pattern of missing Covariate Variables, then the proposed solution is to exclude these individuals from the Historical Baseline Approach. In particular, if less than 0.5% of observations have any missing data, then DOCCS Research will drop these observations from the analysis.

If more than 0.5% of Treatment Population Members and Baseline Population Members have any missing data, then DOCCS Research and the Independent Validator will propose a procedure for imputing missing values to the Governance Committee. Only after the solution has been agreed upon by the Governance Committee, in accordance with the process for reviewing Level 1 changes in Schedule 4, shall DOCCS Research proceed with the Alternative Measurement Approach.

SCHEDULE 1, APPENDIX 5: VARIABLES USED FOR MATCHING ANALYSIS

The following variables will be used for exact matches:

- Area: Rochester, NYC Queensboro, and NYC Non-Queensboro
- COMPAS Supervision Level 1 vs 2. (based on COMPSUP)

Variables to include both for the Propensity Score Model and the Two-Stage Least Squares Model:

- Risk score (FMconvlogit)
- Age at randomization
- Indicators for Black and Hispanic (as defined by Ethnic3)
- Any prior incarceration
- Number of prior incarcerations
- Any parole violation ($nParoVio1 > 0$)
- Number of parole violations ($nParoVio1$)
- The number of previous convictions for offenses of type: VFO; robbery; assault; sex offense; burglary; escape; VTL; larceny/theft; property; drug; Youthful Offender (each variable entered separately, via the rn* variables)
- Number of different types of previous convictions (variety)
- First arrest as a juvenile (Age1stArr)
- Most serious prior offense (MSPSENT)
- Commitment offense ([TK])

SCHEDULE 2: Operating Responsibilities

ARTICLE I ADDITIONAL DEFINITIONS

Capitalized terms used herein not otherwise defined shall have the meaning ascribed to such term in Appendix N to the Agreement.

ARTICLE II PHASE I AND PHASE II PROJECT ACTIVITIES

Section 2.1 This Project is comprised of Phase I and Phase II. Outcome Payments for Phase I are determined based on the Final Outcomes for Group 1 as defined in Schedule 1. Outcome Payments for Phase II are determined based on the Final Outcomes for Group 2, as defined in Schedule 1.

Section 2.2 Project activities for each Phase, as illustrated in Appendix 5 in this Schedule 2, will be governed by the following (subject to Schedule 1, Section 8.6 and Section 8.7, in case of an Early Outcome Determination or Accelerated Outcome Process, respectively):

(a) Phase I:

(i) The Phase I Observation Period will be from the Service Commencement Date through the day before the 36th month anniversary of the Project Start Date. During the Phase I Observation Period, Randomization, Referral, Enrollment and Interventions will occur.

(A) Randomization, Referral, Enrollment, Interventions, and Monitoring shall occur from the Service Commencement Date through the day before the 24th month anniversary of the Project Start Date.

(B) Enrollment, Interventions and Monitoring shall continue from the 24th month anniversary through the day before the 36th month anniversary of the Project Start Date.

(C) During the Phase I Observation Period, Parties will share and analyze data as specified in Schedule 1 and Schedule 4.

(ii) The Measurement Period will commence 15 days after the 36th month anniversary of the Project Start Date and will conclude for Population Outcomes by the day before the 40th month anniversary of the Project Start Date.

(iii) The Validator will make a Determination of Population Outcomes no later than the day before the 41st month anniversary of the Project Start Date.

(iv) The Outcome Payment will be determined based on Final Outcomes, which are calculated based on Population Outcomes after a Determination has been made, as defined in Schedule 1, Article VIII, and payment request will be submitted by NYSDOL to USDOL, if applicable, by the day before the 42nd month anniversary of the Project Start Date. As specified in Section 6.4(b)(ii) of the Agreement, if the Phase I Outcome Payment due to Managing Member (A) is greater than the Grant Amount or (B) is greater than the funds available under the Grant at the time such payment is due to the extent attributable to (x) differences between the Grant Agreement at such time and this Agreement, including Schedule 1 or (y) Federal funding for the Grant being unavailable due to appropriation or other budget-related failure or (z) the Grant having been withdrawn, then in the case of clause (A) or (B), NYSDOL will supplement the Grant Funds and pay Managing Member the balance of the Phase I Outcome Payment from State funds, up to a maximum of \$11,095,000. Outcome Payment will be made by NYSDOL to Managing Member no later than 30 days after receipt of Outcome Payment from USDOL, or in the case of clauses (A) or (B) no later than the 48th month anniversary of the Project Start Date.

(b) Phase II:

(i) The Phase II Observation Period will be from the 24th month anniversary of the Project Start Date through the day before the 60th month anniversary of the Project Start Date. The Phase II Observation Period will include Randomization, Referral, Enrollment and Interventions.

(A) Randomization, Referral, Enrollment, Interventions, and Monitoring shall occur from the 24th month anniversary of the Project Start Date through the day before the 48th month anniversary of the Project Start Date.

(B) Enrollment, Interventions and Monitoring shall continue from the 48th month anniversary of the Project Start Date through the day before the 60th month anniversary of the Project Start Date.

(C) During the entire Observation Period, Parties will share and analyze data within the timelines specified in Schedule 1 and Schedule 4.

(ii) The Measurement Period shall commence 15 days after the 60th month anniversary of the Project Start Date and conclude for Population Outcomes 15 days after the 63rd month anniversary of the Project Start Date and shall include the activities specified in Schedule 1.

- (iii) Validator will make a Determination of Population Outcomes no later than 15 days after the 64th month anniversary of the Project Start Date.
- (iv) The Outcome Payment will be determined based on Final Outcomes, which are calculated based on Population Outcomes after a Determination has been made, as defined in Schedule 1, Article VIII, and Outcome Payment will be made by NYSDOL to Managing Member no later than the 66th month anniversary of the Project Start Date.

ARTICLE III IDENTIFICATION AND RANDOMIZATION

Section 3.1 This section explains how individuals will be identified and randomly assigned to the Treatment Population and the Control Population by DOCCS Research. The procedures are intended to:

- (a) Ensure the Interventions reach 2,000 individuals from the intended high-risk population over four years (1,000 in Phase I and 1,000 in Phase II);
- (b) Minimize the time between a Treatment Population Member's Event Date and Enrollment at Service Provider; and
- (c) Maintain a large enough Control Population to measure Population Outcomes, as specified in Schedule 1.

Section 3.2 DOCCS Research will create a Randomization List and assign Randomization List members to the Treatment or Control Populations according to the following procedures:

(a) At the Service Commencement Date and weekly thereafter in NYC and monthly thereafter in Rochester Metro, DOCCS Research will use the files entitled DOCCS Undercustody and DOCCS SRP 500 (the names of which may change without requiring amendment to the Agreement) to generate a Randomization List, which identifies all individuals who meet the following criteria, as specified in Appendix 1 of this Schedule (the "Eligible Individuals"):

- (i) Predicted release date from Prison is sometime within the next 28 days;
- (ii) Supervision Level 1 or 2 according to the COMPAS Risk Assessment Tool;
- (iii) Scheduled for release and assigned to:
 - (A) NYC from Queensboro Correctional Facility;

- (B) One of the NYC PFS Target Bureaus³⁴ directly from Prison; or
- (C) Rochester Metro directly from Prison;
- (iv) Have at least six months of Community Supervision remaining at time of release;
- (v) Male;
- (vi) Projected age at release equal to or greater than 215 months (17 years and 11 months);
- (vii) Not a sex offender, an arsonist, seriously mentally ill, a Shock Release Hearing Type, a Harlem Reentry Court case, or an undocumented and “status unknown” foreign-born individual as defined in the DOCCS system.
- (b) DOCCS Research will Randomize each new Randomization List member into one of two groups:
- (i) a group of individuals that are designated to both (1) participate in Interventions and (2) be systematically Referred to the Service Provider, as specified in Schedule 2, Article IV (“Treatment Population” or “Treatment Population Members”), or
- (ii) a group of individuals not designated to either (1) participate in Interventions and (2) be systematically Referred to the Service Provider, as specified in Schedule 2, Article IV (“Control Population” or “Control Population Members”).
- (c) DOCCS Research will Randomize using an appropriate statistical software command that generates random draws from the uniform distribution. In performing this Randomization, DOCCS Research will block on COMPAS Supervision Level. In a block design, Randomization of Eligible Individuals to the Treatment Population or the Control Population takes place within subgroups of the overall study population that contain individuals who have similar pre-Randomization characteristics. Specifically, Randomization List members will be divided into those with COMPAS Supervision Level 1 and those with COMPAS Supervision Level 2 separately for NYC and Rochester Metro. Within each of these four blocks, Randomization List members will be sorted into the Treatment Population or Control Population based on their randomly-assigned number. DOCCS will generate the first Randomization Lists for NYC and Rochester Metro on the Service Commencement Date. Randomization will continue over the timeline specified in Schedule 2, Section 2.2 as follows:

³⁴ It may become necessary to add additional PFS Target Bureaus in order to achieve a sufficient number of Enrolled Treatment Population Members, according to the Project Change Request process outlined in Schedule 4 of this Agreement.

- (i) For Eligible Individuals released to NYC, DOCCS Research will Randomize every other Tuesday, or nearest Business Day. Randomization List members with the lowest numbers will be placed into the Control Population until at least 28 percent of the Randomization List members have been assigned to the Control Population. Once the 28 percent threshold has been reached, the remaining Randomization List members will be placed in the Treatment Population.
- (ii) For Eligible Individuals released to Rochester Metro, DOCCS Research will Randomize on the first Tuesday of the month, or nearest Business Day. The Randomization List members with the highest random numbers will be placed in the Treatment Population until at least 31 percent of Randomization List members have been placed in the Treatment Population. The remaining Randomization List members will be placed in the Control Population.

Section 3.3 DOCCS Research will collect Randomization Data to be used for ongoing Monitoring and Measurement of Outcomes according to the following procedures:

(a) All characteristics that will be used as Covariate Variables in subsequent data analysis will be collected from the DOCCS Research Data Systems as promptly as practicable and always within 30 days of Randomization. Data elements from the Division of Criminal Justice Services (“DCJS”) will be transferred to DOCCS Research on or about the 15th day of each calendar quarter. These Covariate Variables will comprise the Pre-Randomization Data and are specified in Appendix 2 of this Schedule 2 and will include

- (i) Age;
- (ii) Race (Black; Hispanic; White);
- (iii) Any prior incarceration;
- (iv) Number of prior incarcerations;
- (v) Any Parole Violation;
- (vi) Number of Parole Violations;
- (vii) Number of previous convictions for offenses of type: VFO; robbery; assault; sex offense; burglary; escape; VTL; larceny/theft; property; drug; Youthful Offender;
- (viii) Number of different types of previous convictions;
- (ix) Logit score for any felony or misdemeanor conviction within 5 years;

- (x) First arrest as a juvenile; and
 - (xi) Most serious prior offense.
- (b) While Covariate Variables from DCJS will be transferred to DOCCS Research on a quarterly basis, subsequent to Randomization, all Covariate Variables will only reflect information that was available as of the date of Randomization. The SSN that will be used to identify Employment Data and to measure the Individual Employment Outcomes and the NYSID that will be used for matching Individual Employment Outcomes to Individual Recidivism Outcomes must also be obtained from DOCCS Data Systems at this point. DOCCS Research will match all these variables into the Master Data File based on the NYSID.

Section 3.4 For collection of Post-Randomization Data, DOCCS Research will routinely match the Master Data File with the DOCCS Releases File to ascertain if a Population Member was ultimately Released from Prison and update the Master Data File with the Event Date and the first known Bureau to which the Population Member was assigned after Randomization.

Section 3.5 On every other Tuesday for NYC and the first Tuesday of the month for Rochester Metro, DOCCS Research will provide the list of Treatment Population and Control Population Members to DOCCS Information Technology Services (“ITS”) and ITS will note whether an individual is in the Treatment or Control Population in the relevant field of the DOCCS Case Management System (“CMS”); this field will only be visible to parole officers on the files of Treatment Population Members.

Section 3.6 On every other Tuesday for NYC and the first Tuesday of the month for Rochester Metro, DOCCS Research will send the list of Treatment Population Members to the appropriate representatives of (a) DOCCS Operations for Referral to Service Provider and (b) Service Provider for outreach and follow-up. DOCCS Operations and Service Provider will follow up with DOCCS Research if the list of Treatment Population Members is not received by the end of the expected day. The list of Control Population Members will not be released to DOCCS Operations or Service Provider. Control Population Members will be assigned to PFS Parole Officers according to standard DOCCS Operations procedures. Lists of Treatment Population Members will include at least the following variables for each Population Member:

- (a) Name,
- (b) NYSID,
- (c) Department Identification Number (DIN),
- (d) Date of birth,
- (e) Predicted release date,

- (f) Assigned parole officer,
- (g) COMPAS Supervision Level, and
- (h) Assigned Bureau.

Section 3.7 Changes to this procedure, such as inclusion of additional PFS Target Bureaus and staffing levels at PFS Target Bureaus, may be necessary to address operational or evaluation challenges during the course of the Project; such changes will be made by the Governance Committee as discussed in Schedule 4.

ARTICLE IV REFERRAL AND ENROLLMENT

Section 4.1 This section describes the procedures for Referral of Treatment Population Members by PFS Parole Officers to the Service Provider. The procedures are intended to:

- (a) Maximize the enrollment of Treatment Population Members with the Service Provider; and
- (b) Minimize the risk of Insufficient Enrollment Difference.

Section 4.2 A Treatment Population Member has until 24 hours after his official release to make an Arrival Report according to DOCCS policy; should this change, a Treatment Population Member will have the amount of time designated by DOCCS policy after official release to make an Arrival Report. At the Arrival Report, the Treatment Population Member meets with the Duty Officer, who will schedule the next report date with the assigned PFS Parole Officer.

Section 4.3 At least two Parole Officers from each Bureau in NYC and Rochester Metro will be designated as PFS Parole Officers to manage the cases of Treatment Population Members assigned to those Bureaus. Each Bureau has a specific report day on which all assigned Treatment Population Members must report. Appropriate Service Provider staff will align their recruitment visits according to these report days with the PFS Target Bureaus, and may recruit at other Bureaus as appropriate. Service Provider staff will engage Treatment Population Members on their first report day in a cohort format or on an individual basis as determined by the Chief of each Bureau. Appropriate Service Provider staff will also do in-reach at Queensboro Correctional Facility at least once every two weeks to meet with Treatment Population Members as a cohort or on an individual basis as determined by the Superintendent of Queensboro Correctional Facility or his designee.

Section 4.4 On the first report day, the PFS Parole Officer will inform Treatment Population Members that participation at Service Provider is a Special Condition of their release. Appendix 3 is the Special Condition form as of the Effective Date, which may change according to DOCCS policy without requiring an amendment to the Agreement. While participation is still voluntary, the Special Condition is a directive. Appropriate

Service Provider staff will also be invited by the PFS Parole Officer or the Bureau Chief to participate in this conversation on the first report day. PFS Parole Officers and Service Provider staff will use clear and positive language to explain the basis for an individual's selection and the positive incentives for successful participation at Service Provider. Appendix 4 of this Schedule shall serve as an example script.

Section 4.5 Upon Referral, the PFS Parole Officer will provide the appropriate Service Provider staff with a signed Referral Form and the Treatment Population Member's Contact Information. The PFS Parole Officers will check with the Treatment Population Member at each meeting to determine if his Contact Information has changed. The PFS Parole Officer will enter any changes to the address or phone number into CMS. Additional phone numbers for Treatment Population Members will be entered as chronological entries. The PFS Parole Officer will email any changes to the Contact Information to Service Provider to facilitate recruitment and retention efforts.

Section 4.6 The PFS Parole Officer will note in the appropriate CMS data field if a Treatment Population Member has been employed. The latter will not indicate if employment is Subsidized Employment or Unsubsidized Employment.³⁵ The PFS Parole Officer will also note in CMS the dates on which the Population Member began and ended his engagement with Service Provider (called program start and end date in the CMS system) as well as the dates on which the Population Member started and ended each job (called employment start and end date in the CMS system). These data elements will be used for management purposes to track progress of Treatment Population Members but will not form the basis for Outcome Payments.

Section 4.7 DOCCS Research, DOCCS Operations, Queensboro Correctional Facility, PFS Target Bureau, Service Provider, and Intermediary staff will have regular calls to discuss any operational challenges once the program has launched. Service Provider may raise any issues with backlog or shortage of Enrollment on these calls. In advance of the calls, Service Provider will provide lists of PFS Participants to the appropriate State and Intermediary staff. When unable to meet in person, PFS Parole Officers and Service Provider staff will use email to directly update one another and follow up on Treatment Population Members.

Section 4.8 Changes to this procedure may be necessary to address operational or evaluation challenges during the course of the Project; such changes will be made by the Governance Committee as discussed in Schedule 4.

³⁵ This information will not be used to measure Individual, Population, nor Final Outcomes, but will rather be used for DOCCS regular internal tracking and operations.

SCHEDULE 2 APPENDIX 1: Variables to Determine Eligibility

Description	Variable Name	Valid If	Dataset / Source
Predicted Queensboro release	FACILITY1	Queensboro = 0, Non-Queensboro = 1 Queens I = 1, Queens II = 2, Bronx I = 26, Brooklyn V = 13, Rochester Metro = 46	DOCCS Undercustody
Predicted Area Office after release	OFFICE1		DOCCS SRP 500
Predicted release date	RELEASE		DOCCS Undercustody
COMPAS Supervision Level	COMPSUP	Level 1 = 1, Level 2 = 2 6 months to 364 days = 3, One year or more = 4, Lifer = 5	DOCCS SRP 500
Community supervision time remaining	EARLY		DOCCS SRP 500
Gender	SEX	Male = 1	DOCCS Undercustody
Sex offender registrant	SOR	Not a registrant = '' (blank)	DOCCS SRP 500
Sex offender registry offense	SEXOFF	Not a sex offender = 0	DOCCS SRP 500
Arsonist	ARSON	Not an arsonist = 0	DOCCS SRP 500
Seriously mentally ill	SMILEVEL	No SMI designation = 2	DOCCS Undercustody
Shock Release Hearing Type	SHOCK	Not a shock case = 0	DOCCS SRP 500
Harlem Reentry Court Case	HRC	Not a HRC = 0	DOCCS SRP 500
Undocumented / "status unknown"	DEPORT	Not eligible for deportation = 0 Not blind, deaf, or physically disabled = 0	DOCCS Undercustody
Physical ability to work	DISABLE		DOCCS Undercustody
Projected Age at Release (in months)	AGE@REL	AGE@REL > 215	DOCCS Undercustody

SCHEDULE 2 APPENDIX 2: Covariates for Regression Analysis

Description	Variable Name	Valid If / Values	Dataset / Source
Age at Release	DOB - Release Date		SRP 500
Ethnic Status reported by inmate	ETHNIC	Hispanic = 1; Not Hispanic = 2; Unknown = 3	DOCCS Undercustody
Ethnic Status adjusted by birthplace	ETHNIC2	White = 1; Black = 2; Hispanic = 3; Other = 4; Unknown = 5	DOCCS Undercustody
Racial status as reported by inmate	RACE	White = 1; Black = 2; Native American = 3; Asian = 4; Other = 5; Unknown = 6	DOCCS Undercustody
Any prior incarceration	TOTprdin	TOTprdin > 0	DOCCS Undercustody
Number of prior incarcerations	TOTprdin		DOCCS Undercustody
Any parole violation	nParolVio	nParolVio>0	DOCCS Violators
Number of parole violations	nParoVio1		DOCCS Violators
Number of previous convictions for Violent Felony Offense (VFO)	rnVFO		DCJS
Number of previous convictions for robbery	rnRob		DCJS
Number of previous convictions for assault	rnAssault		DCJS
Number of previous convictions for sex offenses	rnSex		DCJS
Number of previous convictions for burglary	rnBurg		DCJS
Number of previous convictions for escape	rnEscape		DCJS
Number of previous convictions for Vehicular & Traffic Law (VTL)	rnVTL		DCJS
Number of previous convictions for property offenses	rnProperty		DCJS
Number of previous convictions for drug offenses	rnDrug		DCJS
Number of previous adjudications as youthful offenders for felonies or misdemeanors	rnYO_FMadj		DCJS
Number of previous adjudications as youthful offenders for a VFO	rnYO_vfo		DCJS
Number of different types of previous convictions	Variety		DCJS
Probability of committing any offense	FMconvlogit		DCJS
First arrest as a juvenile	Age1stArr		DCJS
Most serious prior sentence	MSPSENT		DOCCS Undercustody

SCHEDULE 2 APPENDIX 3: Special Condition for Service Provider Participation

**STATE OF NEW YORK
EXECUTIVE DEPARTMENT – COMMUNITY SUPERVISION
SPECIAL CONDITIONS OF RELEASE TO PAROLE SUPERVISION**

Name: John Q. Public

NYSID: 01 234 567D

Date of Release: 1-1-13

Supervision Maximum: 1-1-16

I, John Q. Public, acknowledge that under the provisions of my Conditions of Release that the following Special Conditions have been imposed upon me and that these Special Conditions will remain in effect until the termination of my legal period of supervision 1-1-16.

Unless otherwise amended, in writing by the Department of Corrections and Community Supervision.

13. CEO 1. I will attend the CEO orientation at 1 Work Place, Rochester, New York on Friday _____, and I will attend all follow up appointments set by CEO staff.
- CEO 2. I will abide by all rules and regulations of the CEO program and will fully participate in the CEO program.
- CEO 3. If I am terminated from the CEO program for any reason I will immediately notify my Parole Officer.

I hereby certify that I have read and understand the above Special Conditions of my release and that I have received a copy of these Special Conditions.

Signed this _____ day of _____, _____.

Releasee: _____ Witness: _____

SCHEDULE 2 APPENDIX 4: Talking Points for PFS Parole Officers

- Employment is the greatest barrier to your successful stay in the community. You have been given a special condition to report to CEO for their employment program. We are not just sending you there to keep you out of trouble; our records indicate that CEO is a good Client Match for you and they can help you obtain and keep a good job. CEO specializes in working with men who have backgrounds and experiences that are similar to yours.
- This is a great opportunity for you to earn a daily wage on CEO's transitional work crews, develop employable skills and, with CEO's help, seek and obtain permanent employment. CEO will help you to prepare for employment with practical, useful suggestions for resume writing, how to dress for an interview and for your job, and how to answer questions during an interview. As you move through the program and become ready for work with New York City businesses, CEO will help obtain interviews. Plus, during your first week of training, CEO will provide you with a free Metrocard.
- CEO staff and I will assist you in navigating whatever additional services you need to comply with your conditions, while getting a job. We want you to be able to work and succeed. CEO has flexible work crew opportunities, so that you can go to work and attend other programs or appointments as needed. Just speak up about what you need.

If you remain with CEO and actively participate in training/work skills development; job search resume completion and opening a bank account - you will receive benefits that can help you find a better job, such as: Certificates of Achievement/Completion and Referral Letters from CEO and DOCCS certificate of Achievement/Referral Letter

- If you retain steady employment for 6 months – you MAY receive benefits such as:
 - Travel passes
 - Reduced reporting
 - Relaxed Curfew
 - Monthly bonuses from CEO for staying in contact and staying employed

Adjustments to your supervision plan may be considered after satisfactory performance in several areas, i.e. reporting, compliance with conditions and participation in CEO.

- If you retain steady employment for 12 months or more – you MAY receive benefits such as:

- Referral for Merit Discharge, if your conviction allows it
 - Referral for Three-Year Discharge, if your conviction allows it and if the Board grants it.
 - Continued bonuses from CEO through one year's employment
- If anything happens that raises a concern about possibly being violated; come to me and we can talk and work together to resolve the issue. Do not run. Running only increases the chance of your getting hurt or someone else being hurt.
- Your successful return to the community is based on both you and I doing our part to get you employed.
- Any questions?

SCHEDULE 2 APPENDIX 5: Illustrative Timeline of Project Activities



Legend	
Observation Period	
Enrollment in Interventions	
Delivery of Interventions	
Measurement Period	
Determination	
Calculation of Final Outcomes and Outcome Payment	
Payment Made to Managing Member	●

SCHEDULE 4: Governance

ARTICLE I ADDITIONAL DEFINITIONS:

Capitalized terms used herein not otherwise defined shall have the meaning ascribed to such term in Appendix N to the Agreement.

ARTICLE II PFS GOVERNANCE, ROLES AND RESPONSIBILITIES

Section 2.1 This Schedule 4 outlines a process for managing the Project and provides a list and description of Reports that the Parties agree to provide. The concepts herein are the Parties' expectations of how the process for managing the Project will work initially, subject to the Change Management Process laid out in this Schedule 4, which may be initiated at any time during the Project by the Parties. Nothing in this Schedule 4 provides any person or group of persons with authority to amend the Agreement, including any Schedule thereto, without the prior written consent of all of the Parties and otherwise in accordance with Section 8 of the Agreement, unless otherwise explicitly specified in Schedules 1, 2 or 4.

Section 2.2 PFS Governance will be organized into three committees:

- (a) Executive Steering Committee,
- (b) Management Committee, and
- (c) Working Groups.

Section 2.3 The roles and responsibilities of each committee are detailed in Table 1 and are subject to change at any time in accordance with the Change Management Process specified in Article III. The members of these committees are outlined in Section 2.4 of Schedule 4.

Table 1. Roles and Responsibilities

Role	Role Description/Responsibilities
Executive Steering Committee	<p>Senior organizational executives with demonstrable interest in achieving the Final Outcomes and who are ultimately responsible for securing the spending authority and resources for the Project. Members as of the Project Start Date listed below in Table 2.</p> <ul style="list-style-type: none">• Provides strategic direction, vision, and goals to the Project• Monitors compliance with the Agreement• Champions the Project within the organization(s)• Represents the Project across agency boundaries• Communicates key Project information and status to elected officials, as needed• Recommends significant amendments to the Agreement, if any, in accordance

	<p>with Section 8 of the Agreement</p> <ul style="list-style-type: none"> • Meets quarterly with Management Committee to review quarterly Reports (specified below) • Convenes as needed to review proposed changes with a classification of Level 1
Management Committee	Senior organizational managers responsible for ensuring that the Project meets the objectives of the Agreement and achieves the Final Outcomes. Members as of the Project Start Date listed below in Table 3.
	<ul style="list-style-type: none"> • Accountable for business decisions and resolution of issues that are elevated to the Management Committee by the Project Coordinators • Meets weekly with Working Groups to ensure operational fidelity in accordance with Schedule 1 of the Agreement • Meets monthly to review relevant Reports to monitor Project implementation • Meets with Executive Steering Committee to outline progress and answer questions • Convenes as needed to review proposed Project Change Requests with a classification of Level 1 or 2 (see Table 5 below for an explanation of this and other Level Classifications); any Level 1 changes specifically related to the evaluation design and measurement of Population Outcomes must also be reviewed by the Validator
Project Coordinators	Individuals seeking to ensure that the Project is implemented to the required standards, as required by the Agreement. One Project Coordinator will be a staff member of Intermediary and one Project Coordinator will be a staff member of New York State..
	<ul style="list-style-type: none"> • Lead the Management Committee for this Project • Manage coordination of the Working Groups • Record and manage Project issues related to Schedule 1 and escalate where necessary • Maintain a record of decisions related to Project Change Requests, as outlined in Section 3.5 of Schedule 4 • Resolve cross-functional issues related to the Project that do not require escalation • Monitor Project progress and performance related to the Project • Provide Reports and other status updates to the Working Groups
Working Groups	Responsible for providing input and reviewing the progress of the Project in order to facilitate effective implementation and achievement of Population Outcomes. Engaged in both an informal (phone calls, ad-hoc meetings, emails, etc.) and a formal

	way. Members as of the Project Start Date listed below in Table 4.
	<ul style="list-style-type: none"> • Executive Steering and Management Committee members or their respective staff member delegated by such Executive Steering or Management Committee member may serve on one or more of the following Working Groups; these Working Groups may be modified or added to at the discretion of the Management Committee as detailed in the Change Management Process without requiring modification or amendment to this Agreement: <ul style="list-style-type: none"> ▪ Project (Working Group P) ▪ Case Classification and Identification (Working Group 1) ▪ Operations (Working Group 2) ▪ Finance and Grants Management (Working Group 3) ▪ Policy Development & Progress Reporting (Working Group 4) • Help answer questions associated with Project implementation and establish procedures for executing Project tasks related to Agreement • Provide input and task execution for the design and implementation of Schedule 1 of the Agreement • Provide data and analysis to facilitate Project monitoring and evaluation • Provide documents to guide program operations, develop monitoring strategies and reports, and provide any necessary input to Validator and appropriate USDOL staff • Convene as necessary to review proposed changes with a classification of Level 3

Section 2.4 The Tables below list the members of the committees described in Table 2 through Table 4 as of the Project Start Date. The individuals and committees may change as the Project proceeds according to the Change Management Process specified in Article III. Should any individual need to be replaced for whatever reason, the listed member's organization shall appoint the appropriate representative of that organization to be his/her successor.³⁶

Table 2. Executive Steering Committee

Name	Organization	Role
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³⁶ If a New Intermediary is selected pursuant to Article XI of the Agreement, the New Intermediary will appoint the appropriate representative of the organization. If a new Service Provider is selected, then the new Service Provider will appoint the appropriate representative of the organization. If the Harvard SIB Lab team ceases to advise the State on this Project, it is not required to appoint a representative.

Name	Organization	Role
Alphonso David Deputy Secretary for Civil Rights	Executive Chamber	Co-Chair
Thomas Abt Deputy Secretary for Public Safety	Executive Chamber	Co-Chair
Peter Rivera Commissioner DOL	Department of Labor	Member
Anthony Annucci Acting Commissioner DOCCS	Department of Corrections & Community Supervision	Member
Tracy Palandjian CEO, Social Finance	Social Finance	Member
Mindy Tarlow, Executive Director of CEO	Center for Employment Opportunities	Special Advisor / Observer

Table 3. Management Committee

Name	Organization	Role
Thomas Herzog Associate Commissioner	Department of Corrections & Community Supervision	Project Coordinator (DOCCS)
Angela Jimenez Deputy Commissioner	Department of Corrections & Community Supervision	Community Supervision
Jeff McKoy Deputy Commissioner	Department of Corrections & Community Supervision	Program Services
Karen Coleman Deputy Commissioner	Department of Labor	Workforce Development
Marta Nelson Executive Director, CEO NYC	Center for Employment Opportunities	Employment Services Lead
David Aziz Acting Director	Department of Corrections & Community Supervision	Research Lead – State
Jeff Liebman Director	Harvard Social Impact Bond Technical Assistance Lab	Research Lead – Harvard
Caitlin Reimers Director	Social Finance	Project Coordinator (SF)

Table 4. Working Groups

Name	Organization	Working Groups Assignments
Christine Steenburgh Jeff Sorenson Julie Keating Valerie Sewell Patrick Pascarella Carolyn D'Antonio	Department of Labor	P,1,3 P,1,2 P, 3 P,3 P,3,4 P,3
Andrea Evans Gayle Walthall Grant Scriven Angela Jimenez Sara Bryans Thomas Herzog	Department of Corrections & Community Supervision	P P P P, 2 P,1,4 P, 1, 2, 3, 4
Terry Salo Leslie Kellam	Division of Criminal Justice Services	P P,4
Alex Crohn	Executive Chamber	P,3 P,3

Name	Organization	Working Groups Assignments
Caitlin Reimers Marilyn Sonnie (Jones Day)	Social Finance	P,1,2,3,4 P, 3
Alan Lebowitz	Division of the Budget	P,3
Mindy Tarlow Marta Nelson Sam Schaeffer	Center for Employment Opportunities	P,1,2,4 P,1,2,4 P,1,2,4
Hanna Azemati	Harvard Social Impact Bond Technical Assistance Lab	P,1,2,3,4

ARTICLE III CHANGE MANAGEMENT

Section 3.1 Project Change Requests and Decision-Making Processes

- (a) There will be a Change Management Process to coordinate and control all changes to the Operating Responsibilities outlined in Schedules 2 and Governance of the Agreement in order to:
- (i) Minimize adverse impacts of those changes to business operations and program reporting
 - (ii) Prioritize Project Change Requests
 - (iii) Coordinate assessment of impact of Project Change Requests
 - (iv) Coordinate approval of Project Change Requests
 - (v) Coordinate implementation of approved Project Change Requests

Section 3.2 Submission of Project Change Requests

- (a) All Project Change Requests must be submitted in writing to the Project Coordinators with a Project Change Request form and supporting documentation. Any member of the Working Groups, Management Committee, and/or Executive Steering Committee can submit a Project Change Request.

Section 3.3 Classification of Project Change Requests

- (a) Project Change Requests will be classified according to Table 5 by the Management Committee in order to facilitate change review and prioritization. Both Project Coordinators must be present when Project Change Requests are classified.

(b) If a Project Change Request does not align with one of these categories, the Management Committee will use its judgment to classify the Project Change Requests.

Table 5. Project Change Requests Classification

Level 1	Level 2	Level 3
<p>Change requests requiring an amendment to the Agreement, such as evaluation design changes; amendments to the Agreement will not be approved or implemented without prior written consent from all Parties, in accordance with Section 8 of the Agreement</p> <p>Quarterly or Annual Reporting change requests</p>	<p>Social Finance or NYS Project staffing change requests</p> <p>Program policy, change requests specific to Schedule 2 of the Agreement including but not limited to:³⁷</p> <ul style="list-style-type: none"> • PFS Target Bureaus, Special Condition of Release, Referral • Program procedure changes related to Corrections and Community Supervision, such as timing of COMPAS Supervision Level determination • Business practice changes, such as changing release process or how supervision is run • Timing and content of Reports • Modification of the ratios of Randomization of Treatment Population Members and Control Population Members • Timing of Randomization • Report days for parole area offices 	<p>Workload of DOCCS staff</p> <p>Minor, low-impact change requests, such as change to staffing of parole</p>

³⁷ Change requests requiring an amendment to the Agreement, will not be approved or implemented without prior written consent from all Parties, in accordance with Section 8 of the Agreement.

	<ul style="list-style-type: none"> • Monthly or weekly Report or governance process changes, including Project Change Requests processes 	
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Section 3.4 The Change Approval and Escalation Protocol are outlined in Table 6

Table 6. Change Approvals and Escalation

Level	Approval Level	Change Window / Notification Requirements
1	Executive Steering Committee	First Business Day following Change Approval
2	Management Committee	First Business Day following Change Approval
3	Organization Division Head	Anytime

Section 3.5 Review of Project Change Requests

- (a) The Management Committee will convene as needed to review and make a decision on any Project Change Requests with a classification of **Level 1 or 2**. Such decisions will be made within the process and timeframe requested by the Project Coordinators, and the Management Committee will share documentation of such decisions, as specified in Schedule 4, Section 3.5(c), with at least the Project Coordinators.
- (b) Any Project Change Requests with a classification of **Level 3** will be reviewed by the appropriate individual as determined by the Management Committee upon classifying the Project Change Requests. Such decisions will be made by and at the discretion of the individual within the timeframe requested by the Project Coordinators, and this individual will share documentation of such decisions, as specified in Schedule 4, Section 3.5(c), with at least the Project Coordinators.
- (c) Decisions on each Project Change Requests will be documented by Project Coordinators in Change Summary Report which will include the identification of the proposal party, an overview of the Project Change Request, the classification of the Project Change Request, notes from any discussion in any committee of the Project Change Request, and the decision with respect to the Project Change Request.
- (d) Prior written consent of all of the Parties, in accordance with Section 8 of this Agreement, would be required before any Project Change Request that would alter terms of this Agreement could be approved and implemented. For Phase I, USDOL will be notified of Project Change Requests and provided with

appropriate documentation, and if required, approval will be sought from USDOL for the requested changes in accordance with the SGA (see Appendix C, Section VI.B.4(a)).

Section 3.6 Emergency Project Change Requests

Emergency change requests may be accepted by the Project Coordinator verbally. An email to the Project Coordinators by the proposing party should follow such a change within 24 hours as well as an ad-hoc discussion between the Management Committee, which will suffice for review. Only those requests that impact the immediate operations shall be considered for emergency review and implementation.

ARTICLE IV PROJECT MONITORING AND OUTCOMES REPORTS

Section 4.1 The responsibility for production, timing and distribution of each Report is specified in Table 7. The responsible party will generate reports for Group 1 and Group 2 separately.

Table 7. Project Monitoring and Outcomes Reports

Report Name	Frequency	Distribution	Level of Information	Description	Source
Treatment Population List	Bi-weekly (NYC); Monthly (Rochester Metro)	Queensboro, NYC, Service Provider, DOCCS ITS	Individual	Bi-weekly / Monthly List identifying Treatment Population Members, as described in Schedule 2, Section 3.2.	DOCCS Research
Control Population List	Bi-weekly (NYC); Monthly (Rochester Metro)	DOCCS ITS	Individual	Bi-weekly / Monthly List identifying Control Population Members, as described in Schedule 2, Section 3.2.	DOCCS Research
PFS Participant List	Weekly	DOCCS Research, DOCCS Programs	Individual	List of Treatment Population Members who Enrolled with Service Provider	CEO
Supervision Status Report	Monthly	Management Committee, Executive Steering Committee, Validator	Aggregate	Monthly project-to-date report of the supervision status of all the Treatment and Control Population Members Released as of a certain date, as illustrated in Schedule	DOCCS Research

				4, Appendix 4.	
Randomization Report	Monthly	Management Committee, Executive Steering Committee, Validator	Aggregate	Snapshot of Control vs. Treatment Population Members on key factors, as illustrated in Schedule 4, Appendix 3.	DOCCS Research
CEO Monthly Activities Report	Monthly	Management Committee, Executive Steering Committee, Validator	Aggregate	Aggregated report on CEO participation of Treatment vs. Control Population members to date including Take-Up Rate, as illustrated in Schedule 4, Appendix 1	CEO/ DOCCS Research
Federal Financial and Progress Reports*	Quarterly	USDOL, Management Committee, Executive Steering Committee, Validator	Aggregate	Information on the current stage of program implementation; progress towards achieving the Outcomes, number of individuals served; significant milestones of the State, Intermediary, and Validator; and related results of the project	NYSDOL
Aggregate Employment Analysis	Quarterly	DOCCS	Aggregate	NYSDOL will produce an employment and earnings table, for each Event Quarter Cohort for each quarter from the second until the twelfth quarter following the Event Quarter, as illustrated in Schedule 4, Appendix 5.	NYSDOL
Cohort Analysis of Quarterly Interim Outcomes	Quarterly	Management Committee, Executive Steering Committee,	Aggregate	DOCCS will aggregate Intervention, Employment, and Recidivism Data to provide estimates of	DOCCS, CEO, NYSDOL

		Validator		Population Outcomes to date ³⁸ , as illustrated in Schedule 4, Appendix 2.	
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*** DOCCS will be copied on the NYSDOL quarterly reports as they are transmitted to USDOL.**

³⁸ These analyses will not be representative of Population Outcomes, as they will not utilize weighted data, ITT estimate, or IV estimate calculations outlined in Schedule 1.

SCHEDULE 4 APPENDIX 1: Illustrative CEO Monthly Activities Report**Pay For Success CEO Monthly Activities**
November 2013

TOTALS	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Referred to CEO						
Attended CEO Orientation						
Started Life Skills						
Finished Life Skills						
Placed in Transitional Jobs						
Placed in Unsubsidized Permanent Employment						
Negative Discharge from CEO						
Neutral Discharge from CEO						

NEW YORK CITY	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Referred to CEO						
Attended CEO Orientation						
Started Life Skills						
Finished Life Skills						
Placed in Transitional Jobs						
Placed in Unsubsidized Permanent Employment						
Negative Discharge from CEO						
Neutral Discharge from CEO						

ROCHESTER METRO	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Referred to CEO						
Attended CEO Orientation						
Started Life Skills						
Finished Life Skills						
Placed in Transitional Jobs						
Placed in Unsubsidized Permanent Employment						
Negative Discharge from CEO						
Neutral Discharge from CEO						

SCHEDULE 4 APPENDIX 2: Illustrative Cohort Analysis of Quarterly Interim Outcomes**Pay For Success Cohort Analysis of Quarterly Interim Outcomes**
Reporting Quarter: April 2014 - June 2014*

* Data is for offenders who had been released to community supervision for at least three months.

TOTALS	Treatment Population			Control Population		
	Quarterly	Cumulative	Percent	Quarterly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Attended CEO Orientation						
Placed in Transitional Jobs						
Average Hours Worked on Transitional Jobs						
Average Jail and Prison Bed Days						
Reported Employment to DOL						
Reported Subsidized Employment						
Reported Unsubsidized Employment						

NEW YORK CITY TARGET BUREAUS	Treatment Population			Control Population		
	Quarterly	Cumulative	Percent	Quarterly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Attended CEO Orientation						
Placed in Transitional Jobs						
Average Hours Worked on Transitional Jobs						
Average Jail and Prison Bed Days						
Reported Employment to DOL						
Reported Subsidized Employment						
Reported Unsubsidized Employment						

NEW YORK CITY NON-TARGET BUREAUS	Treatment Population			Control Population		
	Quarterly	Cumulative	Percent	Quarterly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Attended CEO Orientation						
Assigned to Transitional Jobs						
Average Hours Worked on Transitional Jobs						
Average Jail and Prison Bed Days						
Reported Employment to DOL						
Reported Subsidized Employment						
Reported Unsubsidized Employment						

ROCHESTER METRO	Treatment Population			Control Population		
	Quarterly	Cumulative	Percent	Quarterly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Attended CEO Orientation						
Placed in Transitional Jobs						
Average Hours Worked on Transitional Jobs						
Average Jail and Prison Bed Days						
Reported Employment to DOL						
Reported Subsidized Employment						
Reported Unsubsidized Employment						

SCHEDULE 4 APPENDIX 3: Illustrative Randomization Report
Pay For Success Randomization Report
November 15, 2013

TOTALS	Treatment Population		Control Population	
	Latest Randomization	Cumulative Randomizations	Latest Randomization	Cumulative Randomizations
Identified as Eligible for PFS				
Queensboro				
PFS Target Bureaus				
Rochester Metro				
Age at Estimated Release Date				
18 - 25 years				
26 - 30 years				
31 - 35 years				
36 - 40 years				
41 - 50 years				
50 - 60 years				
61+ years				
Median Age				
Race/Ethnicity				
Black				
White				
Hispanic				
Other				
Unknown				
COMPAS Supervision Level				
Supervision Level 1				
Supervision Level 2				
Most Serious Prior Adult Record				

No Prior Arrest
No Prior Conviction
Conviction No Jail
Prior Jail Term
Prior Prison Term
Current Crime of Conviction
A1 Violent
Legislative VFO
Other Coercive
Drug Offenses
Major Property
Other Offenses
Youthful Offender & Juvenile Offender
Region of Commitment
New York City
Suburban New York
Upstate Urban
Upstate Other
Availability of Social Security Number
Yes
No
**Estimated Minimum Number of Years on
Community Supervision (Median)**
Randomization Ratio

SCHEDULE 4 APPENDIX 4: Illustrative Supervision Status Report**Pay For Success Supervision Status Report**
December 2013

TOTALS	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Record Type/Supervision Status on 12/31/2013						
Active						
Reporting						
Non-Reporting						
Delinquent						
Other						
Revoked and Returned to Prison						
Discharged from Community Supervision						

NEW YORK CITY TARGET BUREAUS	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Record Type/Supervision Status on 12/31/2013						
Active						
Reporting						
Non-Reporting						
Delinquent						
Other						
Revoked and Returned to Prison						
Discharged from Community Supervision						

NEW YORK CITY NON-TARGET BUREAUS	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Record Type/Supervision Status on 12/31/2013						
Active						
Reporting						
Non-Reporting						
Delinquent						
Other						
Revoked and Returned to Prison						
Discharged from Community Supervision						

ROCHESTER METRO	Treatment Population			Control Population		
	Monthly	Cumulative	Percent	Monthly	Cumulative	Percent
Identified as Eligible for PFS						
Released from Prison to Community Supervision						
Record Type/Supervision Status on 12/31/2013						
Reporting						
Non-Reporting						
Delinquent						
Other						
Revoked and Returned to Prison						
Discharged from Community Supervision						

SCHEDULE 4 APPENDIX 5: Illustrative Aggregate Employment Analysis

	Quarter 2 Post-Release		Quarter 3 Post-Release		Quarter 4 Post-Release		Quarter 5 Post-Release		Quarter 6 Post-Release	
	Treatment group	Control group	Treatment group	Control group	Treatment group	Control group	Treatment group	Control group	Treatment group	Control group
Event Quarter 1										
Number of individuals released in the quarter										
Number of individuals with earnings >\$0 in the quarter from subsidized employment										
Number of individuals with earnings >\$0 in the quarter from unsubsidized employment										
Percent employed in the quarter in subsidized employment										
Percent employed in the quarter in unsubsidized employment										
Total percent employed in the quarter										
Number of individuals with earnings >\$2,500 in the quarter										
Mean earnings (includes zeros for those without earnings)										
Mean earnings (includes zeros for those without earnings, earnings top coded at \$20,000)										
Mean earnings for those with non-zero earnings										
Mean earnings for those with non-zero earnings (earnings top coded at \$20,000)										
Median earnings for those with non-zero earnings										
	Quarter 7 Post-Release		Quarter 8 Post-Release		Quarter 9 Post-Release		Quarter 10 Post-Release		Quarter 11 Post-Release	
	Treatment group	Control group	Treatment group	Control group	Treatment group	Control group	Treatment group	Control group	Treatment group	Control group
Event Quarter 1										
Number of individuals released in the quarter										
Number of individuals with earnings >\$0 in the quarter from subsidized employment										
Number of individuals with earnings >\$0 in the quarter from unsubsidized employment										
Percent employed in the quarter in subsidized employment										
Percent employed in the quarter in unsubsidized employment										
Total percent employed in the quarter										
Number of individuals with earnings >\$2,500 in the quarter										
Mean earnings (includes zeros for those without earnings)										
Mean earnings (includes zeros for those without earnings, earnings top coded at \$20,000)										
Mean earnings for those with non-zero earnings										
Mean earnings for those with non-zero earnings (earnings top coded at \$20,000)										
Median earnings for those with non-zero earnings										