**PFS Incentive Fund RFI**

**FR Doc. 2013-24078**

**Strategies to Accelerate the Testing and Adoption of Pay for Success (PFS) Financing Models**

**AGENCY: Office of Domestic Finance, Department of the Treasury.**

**ACTION: Request for Information.**

**RESPONDENT:**

Robert H. Dugger
Advisory Board Co-Chair
ReadyNation

Managing Partner
Hanover Provident Capital, LLC
10 Wolfe Street, Alexandria VA 22314
Contact: Tiffany Eckert teckert@hanprov.com
Office: 1 703 739 6040
Fax: 1 703 739 6041

## Introduction

This statement is in response to the October 2, 2013 Request for Information of the Department of the Treasury on how to speed the development of pay-for-success (PFS) finance and, in particular, on how best to use the resources of a proposed $300 million Incentive Fund (Fund) in the Treasury Department to help state and local governments implement PFS programs.

This statement is in two parts, A and B, and discusses PFS finance and the Fund mainly from the standpoint of using PFS finance for scaling up prenatal and early child development and learning services.

Part A contains a general discussion of the potential utility of a Treasury Department PFS Fund and emphasizes using Fund resources to address "appropriations" and "participation" risks, and to preventing the development of moral hazard risk by limiting Fund resources, at this time, solely to reducing risks arising from state and federal government performance and non-participation.

Part B provides answers to the RFI's specific "Key Questions".

## Part A General Discussion of the Incentive Fund (Fund) Proposal

Multiple Factors are converging to make early childhood PFS projects feasible

Accumulating research findings indicating significant short-term reductions in government health and education remediation costs, increased data management, rising business interest in workforce competitiveness, and increasing awareness of skilled labor shortages, are combining to propel strong private and public support for results-based financing. At the same time, there is growing focus on investing in

children prenatal to age five.[1] Legislation strengthening state investment in young children is being considered and enacted on an unprecedented scale addressing a wide range of dimensions including governance, systems, funding, reading and literacy, program access and expansion, parent involvement, teacher preparation and certification, school readiness assessment, quality rating and improvement systems, home visiting, prekindergarten, and state committees and councils.[2]

High economic returns particularly on high quality prenatal to age five programs provided to at-risk children have been long understood. For over a decade early child development specialists talked about "invest in kids bonds", but the seeming long-term nature of the financial payoffs in the form of lower teen pregnancy, crime, and drug use, made financing unfeasible. More recent research has shown strong near-term returns in the form of lower newborn intensive care use following prenatal counseling and lower special education assignments following prekindergarten.[3] These together with widening data availability and contract development, is propelling active consideration of home visiting and prekindergarten PFS projects in over twenty states.

PFS projects demonstrate the high early childhood investment returns to business and elected leaders

PFS projects are inherently local and small in financial terms, and will likely continue to be for many years. PFS projects require longitudinal data on outcomes from specific providers of interventions, not just general data on types of interventions. For this reason for example, where data indicate, that a specific preschool program reduces special education assignments in a given school district, and private lenders and philanthropies are willing to put their money at risk to finance expansion of the program, we should not be surprised if elected officials in that region, even quite "conservative"

---

[1] See for example:

- "Social Impact Bonds: A Guide for State and Local Governments." Social Impact Bond Technical Assistance Lab (SIB Lab), Harvard Kennedy School. June 2013. http://hkssiblab.files.wordpress.com/2013/07/social-impact-bonds-a-guide-for-state-and-local-governments.pdf
- David Erickson, ed. "Pay for Success Financing." Community Development Investment Review 9 (1). Federal Reserve Bank of San Francisco. April 2013. http://www.frbsf.org/community-development/publications/community-development-investment-review/2013/april/pay-for-success-financing/

[2] "2013 Legislative Session" Education Commission of the Sates, November 2013. http://www.ecs.org/clearinghouse/01/10/04/11004.pdf

3 See for example:

- "Early Childhood 'Pay-For-Success' Social Impact Finance: A PKSE Bond Example to Increase School Readiness and Reduce Special Education Costs." Report of the Kauffman Foundation/ReadyNation Working Group. April 2012. http://www.readynation.org/uploads/db_files/Kauffman-ReadyNation%20PKSE%20Report%2012041922.pdf and
- "Early Childhood Pay for Success Social Impact Finance: Organizational Steps, Memorandum of Understanding and Contract Outlines." Report of the ReadyNation Working Group on contracts in Early Childhood Social Impact Finance, ReadyNation Working Paper, June 10, 2013. http://www.readynation.org/uploads/db_files/RN%20PFS%20Contracts%20Working%20Group%20Report%20130610.pdf
- Janis A. Dubno, Robert H. Dugger, and Michelle R. Smith. "Financing Human Capital Development for Economically Disadvantaged Children: Applying Pay for Success Social Impact Finance to Early Child Development." ReadyNation Working Paper, June 10, 2013. http://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdfhttp://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdf

ones, support the undertaking. Anyone doubting this needs to take a look at what is happening in Salt Lake City. There, broad bipartisan support has emerged to for the Granite School's three and four year-old preschool curriculum. This support was buttressed by loans extended after careful due diligence by Goldman Sachs and J. B. Pritzker and willingness of the strongly business-oriented United Way of Salt Lake to be the recipient of the loans and to act as the central organizer of the project.[4]

Fund financing could remove two major obstacles to PFS project development

The bare-bones central features of PFS projects are (1) an "intermediary" enters into a contract with a "provider" of goods and services that can enable a government agency to avoid certain costs, usually remediation costs of some kind; and (2) the intermediary simultaneously enters into a contract, which is based on current law and appropriated funds, with a government agency that says the agency will pay a portion of the "cost avoidance" as a "success payment" to the intermediary.

*Appropriations Risk*

Appropriations risk is the risk that a state or federal government agency is unable to make the success payments specified in the contract because the legislature did not appropriate adequate funds as expected. In specific terms for example, it is the risk that a school district does not remit the contractually defined share of special education costs avoided by providing at-risk children high quality prekindergarten because its state legislature or county government decides to allocate the cost avoidance savings elsewhere and fails to appropriate funds to make the success payments.

*Participation Risk*

Federal participation risk is the risk that a federal agency is a clear beneficiary of a PFS project, and its participation would enable the project to be financially feasible, but the agency cannot under current law or regulation enter into a contract to share a portion of its remediation cost avoidance. In specific terms for example, it is the risk that the U.S. Department of Health and Human Services under current law cannot enter into an agreement to remit a portion of Medicaid cost avoidance resulting from high-quality prenatal counseling for at-risk mothers and subsequent lower newborn hospital intensive care costs. Because Medicaid is such a large component of low-income health care finance, without federal participation, it is difficult to structure a feasible PFS prenatal counseling or home visiting program. In such cases, feasibility depends on significantly increasing the state and philanthropic contribution portions of the project, which may not be possible. South Carolina's Nurse Family Partnership PFS project will face this challenge if the Department of Health and Human Services is unable to change its practices through law or regulation to remit a portion of the Medicaid cost avoidance that results from scaling up Nurse Family Partnership services.[5] In general,

[4] See "FACT SHEET: The Utah High Quality Preschool Program America's First "Results-based Financing" for Early Childhood Education". https://hceconomics.uchicago.edu/sites/default/files/pdf/events/Salt%20Lake%20City%20PFS%20Fact%20Sheet%20%20%28FINAL%2010-28-13%29.pdf

[5] See "Using Pay for Success Financing to Improve Outcomes for South Carolina's Children: Results of a Feasibility Study". Institute for Child Success, September 2013 http://payforsuccess.org/sites/default/files/using_pay_for_success_financing_to_improve_outcomes_for_south_carolinas_children_-_results_of_a_feasibility_study.pdf

participation risk arises when the federal government is a beneficiary of a PFS project but chooses not to participate and pay its fair share. In this circumstance, the general government "free-rides" on the initiative of business and philanthropy and diminishes the ability of the PFS project to expand worthwhile services.

*Fund Guarantee to Address Appropriations Risk*

If the Fund were authorized to guarantee payment of state or federal agency contractually determined success payments, appropriation risk would be removed. While it is a fact that the number of instances of government agencies not making contractually agreed upon payments is actually quite small, it is also a fact that a legislature through its budgeting process (or its failure) could delay or prevent an agency from making contractual success payments. This possibility is a constraint on PFS development. States are taking steps to attempt to reduce appropriations risk, but its existence continues to be a challenge.[6]

*Fund Payments to Address Participation Risk*

Similarly, if the Fund were authorized to make success payments on behalf of federal agencies that are benefitting from cost avoidance but are unable under current law to enter into PFS contracts, federal free-rider participation risk would be eliminated. Medicaid cost avoidance sharing was mentioned earlier. There are other examples. In most state jurisdictions, the federal government, pursuant to the Individuals with Disabilities Education Act (IDEA), pays about 17% of special education costs.[7] If PFS-provided prekindergarten reduced special education assignment rates, the U.S. Department of Education payments under IDEA Part B would be reduced. Amending IDEA to permit the Department of Education to make PFS success payments may take several years. In the meantime, if the Fund could make the estimated payments, early education PFS projects would be more financially feasible and move forward more quickly. Importantly, the successful operation of the projects would strengthen the case for the amendments. Once an agency can lawfully make the payments, it would not be necessary for the Fund to do so.

<u>Fund should not guarantee business or philanthropic PFS investments</u>

If the resources of the Fund are used to guarantee all or a portion of PFS investments, moral hazard risk will surface, and once in place will be hard to contain. The powerful program scaling and policy education benefits of PFS projects will be maximized if the Fund's role is limited to addressing appropriations and participation risks.

---

[6] The Massachusetts statute establishes the Social Innovation Financing Trust Fund for the purpose of funding PFS contracts. The statute requires the Secretary of Administration to request an appropriation for each fiscal year that the contract is in effect, in an amount equal to the expected success payments that the Commonwealth would be obligated to pay in the future based upon the service provided during that fiscal year and the payable success payments for achieved contractual performance targets. http://www.malegislature.gov/Content/Documents/Budget/FY2013/ConferenceReport-H4219.pdf

[7] "Individuals With Disabilities Education Act - Funding Distribution: IDEA Authorized Funding Streams" Federal Education Budget Project, New America Foundation, November 8 2013 http://febp.newamerica.net/background-analysis/individuals-disabilities-education-act-funding-distribution

## Part B Responses to Key Questions posed in the Request for Information

1. Instead of focusing on particular programs, the budget language proposing the Fund is broad in scope.

   *a.* What agencies and/or program areas are best suited for the Fund and why?

   *Answer: Agencies and programs that can begin to achieve measurable cost avoidance or revenue improvements within 36 months are best suited. Generally these involve human services remediation cost avoidance relating to adolescent recidivism, homelessness, maternal and newborn health, parent and family support, and early education. But suitability is not limited to human services and remediation cost avoidance. PFS projects can also be based on revenue enhancement. For example, agencies involved in environmental conservation and wildlife restoration that lead to increased tourism revenues resulting from park conservation, restoration and expansion are suitable.*[8]

   b. What level of evidence exists in these areas about interventions that work?

   *Answer: In considering this question, it is important to distinguish between the level of evidence needed to establish a scientific fact and the level needed to motivate a business decision. Randomized control trials (RCTs) may be needed to establish certain scientific facts. This is certainly the case for many kinds human service cost avoidance. If RCTs were needed to motivate business actions, there would be no Microsoft or Google – RCTs are simply not possible in business and most philanthropy.*

   *The simple truth is: <u>the only level of evidence needed to initiate a PFS project, is the level that satisfies the financial judgment of the private business and philanthropic investors who are putting their capital to work</u>.*

   *The evidence on reducing teen incarceration in New York City and homelessness in Massachusetts is strong enough to motivate private business and philanthropic investors to put capital to work without government guarantees of any kind. The same is true of increasing school readiness through increased prekindergarten education paid for from special education cost avoidance in Salt Lake City, and will likely be true of infant health in South Carolina where expanded Nurse Family Partnership services will be covered significantly from lower infant emergency room and other health service costs.*

   c. What is the threshold of evidence that a program should have in order to merit consideration for a PFS approach?

   *Answer: In PFS projects, government has nothing to lose. It pays only if there is success, and it pays only to the extent of the success. Accordingly, <u>the evidence threshold is simply the amount of evidence needed to induce private individuals,</u>*

[8] The author served as board chairman of Grumeti Reserves Ltd from 2002 to 2010. This company acquired the leases to land adjacent to the Serengeti National Park in Tanzania through which the wildebeest migration passes each year. Through land conservation and wildlife restoration and in a hospitality partnership with Singita, Tanzanian government tourism revenues from this region were increased significantly, and this portion of the wildebeest migration route has been preserved.

*<u>businesses, and philanthropies to make the investments required to achieve the results they desire to see in their communities.</u>*

d. What other factors should be considered in setting resource priorities for the Fund?

*Answer: The first priority of the Fund should be to create an environment in which private individuals, businesses and philanthropies can learn how to set up and operate PFS projects. The second is to avoid opening the door to moral hazard risk – the risk that business and philanthropy will exploit government guarantees in the "Heads-I-win, Tails-you-lose" ways that led to the banking problems of the past several decades. The third highest priority is to set as few restrictions on what a PFS project looks like as possible so as to permit as much creativity as possible, keeping in mind, government pays only if there is success and only to the extent of the success.*

2. The budget proposal encourages maximizing the leverage of Federal funds by engaging intermediaries, including state, local and tribal governments.

a. What other kinds of groups should be considered as intermediaries?

*Answer: Any entity with the legal ability to borrow funds and enter into enforceable contracts can be an intermediary. This can be a philanthropic institution like the United Way, a private business, a partnership set up by a group of philanthropically-minded local business people, an entrepreneurially oriented provider of human services or group of them or conceivably even an individual. The only core attributes of an intermediary are the ability to receive funds, enter into contracts, borrow money, and sue or be sued.*

Are there other organizational constructs that should be considered?

*Answer: Any organizational construct that works or might work should be considered.*

b. How can the Federal government encourage the adoption of low-cost yet rigorous outcome measures?

*Answer: The federal government can do two several things. First, it can assist in the development of longitudinal data bases that both assure privacy and provide detailed information about the programs that individual children have been exposed to from conception to age 21, sufficient to support responsible research. Second, it can support legislation that authorizes federal agencies to participate in PFS projects and appropriates the funds needed to make success payments when they are earned.*

*The Fund will help enormously if, at least initially, it does only two things – remove appropriations risk by making success payments if legislatures fail to appropriate contractually expected funds; and assure participation by standing in for agencies until their laws and regulations can be changed to permit them to participate in a PFS project directly themselves.*

c. What are some of the barriers to using administrative data in a PFS scenario, and how might they be addressed?

*Answer: Speaking solely in terms of prenatal and early childhood PFS projects, there are two barriers – data on what programs children were exposed to, and presumably benefited from, before receiving the service provided by a specific PFS project; and preserving privacy. In assessing the value of prekindergarten in reducing special education costs, for example, it is useful to have some idea of the programs the child was exposed to before entering prekindergarten. Some of the special education effect may be due to the earlier programs. Not knowing may not stop individual, business and philanthropic investors from committing resources, but it would be useful. Aggregating the data in longitudinal data bases that enable PFS research without compromising child and parent privacy is essential.*

3. Outcome payments and financing support (e.g., credit enhancement, loans or advances) are two forms of assistance meant to complement one another in stimulating PFS approaches.

   a. What criteria should be used to decide how to split the Fund between these two forms of assistance?

   *Answer: In these early years of PFS development, it is extremely important for the Fund to do no more than address appropriations and participation risks. It is far too early for the Fund to be considering reducing the risk to business and philanthropic investors. Staffing and regulations would be needed for the Fund to responsibly become an investor in PFS projects directly or by providing credit enhancements. Fund efforts in these early years to invest in PFS projects itself could actually slow PFS development. The possibility of Fund investments and the extensive regulations and evidence standards that would necessarily accompany them, would complicate, distract and delay PFS development. For now, it is best for the Fund to let the PFS sector develop on its own and step in only to assure state and federal government performance and participation.*

   b. Should a certain proportion of the fund go toward outcome payments versus financing support, such as 50/50, 30/70, etc.?

   *Answer: It is far too early to answer this question. If an answer is needed, the Fund should put 100% of its resources to assuring that intermediaries get the success payments they are due by contract and that federal agencies, which benefit from cost avoidance, participate in the PFS project that generated the savings.*

   c. Is there an optimal structure for both the timing and tiering of outcome payments? For example, should the projects allow for some degree of “progress payments” based upon achievement of early outcomes?

   *Answer: No there is no optimal structure. What structure there is will be specified in the contract between the intermediary and the agency, which may include tiering or progress payments. In any case, the agency must make the payment according to the terms of the contract. If the agency is unable to do so because*

*the legislature did not appropriate the funds as expected (appropriation risk), the Fund should step in and make the payments on the same terms as the contract. If a federal agency experiences cost avoidance as a result of a PFS project but is unable lawfully to enter into a PFS contract (participation risk), the Fund should stand in as the federal representative and make the payments as if it were the agency.*

d. Should the projects allow for "bonus payments" for extraordinary performance?

*Answer: Yes. Bonus payments can be provided for in the contract between the agency and the intermediary and in the contract between the intermediary and the service provider.*

What are the tradeoffs of adapting different structures to different projects versus supporting a standardized approach?

*Answer: At this early stage of PFS project development, allowing as wide a range of workable structures is best. We need to see what works. Standardization will occur naturally over time.*

5. Among the possible forms of financing support, would credit enhancements, loans or advances be most helpful?

*Answer: In these early years of PFS development, it is extremely important for the Fund to do no more than address appropriations and participation risks. It is too early for the Fund to be considering investing in PFS projects as a lender or credit enhancer -- doing so could actually slow PFS development by adding additional complexity to decision making. The possibility of Fund investments and the regulations and evidence standards that would necessarily accompany them, would complicate, distract and delay PFS development. Furthermore, there is currently no problem attracting investors to well-designed projects. For now, it is best for the Fund to let the PFS sector develop on its own and step in only to assure state and federal government participation and performance.*

What role would financing support play in the overall structure of a PFS project?

*Answer: This question requires discussing the overall financial structure of PFS projects. From the standpoint of early child development and education, the most thorough public examination of applying PFS finance is Dubno Dugger Smith (2013).*[9] *This paper discusses the complexities of early childhood PFS projects and shows the investment returns on two kinds of financings – a fixed ten-year bond structure and a pass-through structure – using a well-documented prekindergarten example with standard operating parameters and involving private, philanthropic, and state and federal government participants.*

[9] Janis A. Dubno, Robert H. Dugger, and Michelle R. Smith. "Financing Human Capital Development for Economically Disadvantaged Children: Applying Pay for Success Social Impact Finance to Early Child Development." ReadyNation Working Paper, June 10, 2013.
http://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdfhttp://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdf

*In this paper the federal government's role in providing prekindergarten is the kind of payment that would be made, for example, pursuant to the Strong Start for America's Children Act. It is not paid back and bears no interest. In contrast, business loans and philanthropic PRI investments would be repaid and interest paid yearly. The state would keep a portion of the cost avoidance each year.*

*Dubno Dugger Smith shows that the returns to a state vary widely depending on the percentage amounts committed by the various participants. See the table below. The highest state return comes from a mix of 50% private (business and philanthropy), 25% state, and 25% federal. Even marginally increasing federal participation has a significant impact on increasing the returns to the state. In a pass-through structure, for example, the state can increase its return from 5.82% in the pass-through structure to 11.86%. Note that these financial returns are in addition to the investment returns (IRRs) of longer term non-financial economic and social outcome improvements, which state governments realize when investing in early education.*

### *Results of Varying Funding Source Assumptions*

| **Variation A: Funding Source: 75% Investor, 10% state, 15% federal** | | |
|---|---|---|
| | **Fixed-Debt Structure** | **Pass-through Structure** (Requires 88.35% of Success Payments paid to Investor to reach Target Return) |
| IRR to the Investor | 4.17% | 6.00% |
| IRR to PRI | 1.29% | 0% |
| IRR to the State | 8.28% | 5.82% |

| **Variation B: Funding Source: 50% Investor, 50% state** | | |
|---|---|---|
| | **Fixed-Debt Structure** | **Pass-through Structure** (Requires 58.9% of Success Payments paid to Investor to reach Target Return) |
| IRR to the Investor | 4.17% | 6.00% |
| IRR to PRI | 1.39% | 0% |
| IRR to the State | 2.14% | 0.75% |

| **Variation C: Funding Source: 50% Investor, 25% state, 25% Federal** | | |
|---|---|---|
| | **Fixed-Debt Structure** | **Pass-through Structure** (Requires 58.9% of Success Payments paid to Investor to reach Target Return) |
| IRR to the Investor | 4.17% | 6.00% |
| IRR to PRI | 1.39% | 0% |
| IRR to the State | 7.45% | 11.63% |

*With this context in hand, it is clear that the Fund should certainly insure against the appropriation risk of adverse state and federal legislative budget actions. And it should stand in for the U.S. Department of Education and make success payments resulting from IDEA special education cost avoidance, until the IDEA is amended to allow the department itself to participate directly in pre-k special education reduction PFS projects.*

*Should the Fund do more than insure against appropriation risk and assure federal participation? Should it also be an investor alongside or subordinate to private business and philanthropy, or a guarantor of their investments in some way?*

*The answer depends on how extensive the regulation and oversight apparatus needs to be in order for the Fund to safely commit federal dollars as a lender or credit enhancer. Will it require evidence standards that are greater than those required by the private investors putting their own money at risk? If it is, it will slow PFS development. If the regulatory and oversight apparatus is more complex and expensive than what private funders need or exercise on their own, it will similarly slow PFS development. In the judgment of this commentator based on 35 years of direct regulatory, legislative and private investor experience, the Fund, at this time, should not seek to be a lender or credit enhancer. It should watch and learn for a few years.*

6. Please suggest one or more examples of promising PFS projects or programs.

*Answer: High quality, evidenced based, prenatal counseling, home visiting, nutrition provision, healthcare, parent training, quality infant and toddler day care, and prekindergarten are examples of promising areas for PFS project development.*

For each example, what are its characteristics or features that make it a good candidate for PFS?

*Answer: The characteristics of all of these that make them good PFS candidates are: Cost avoidance begins to occur within 36 months. The cost avoidances are plausibly measurable and subject to contractual specification. And the activities are the kinds that have high moral as well as economic attractiveness thus drawing in well-founded individual, business and philanthropic interest.*

Who would be the key partners and what would be their roles? How would the activity be funded? How would risks be shared and interests aligned among the partners? What might be appropriate outcomes and metrics? Over what timeframe would outcomes be determined?

*Answer: See Janis A. Dubno, Robert H. Dugger, and Michelle R. Smith. "Financing Human Capital Development for Economically Disadvantaged Children: Applying Pay for Success Social Impact Finance to Early Child Development". ReadyNation Working Paper, June 10, 2013.*
*http://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdfhttp://www.readynation.org/uploads/db_files/RN%20PFS%20Finance%20Dubno%20Dugger%20Smith%20Paper%20130610.pdf*

7. What process would be most helpful to states, local governments and tribes to apply for either outcome payments or financing supports?

*Answer: The process for applying for Fund assistance should begin with presenting the contracts that establish the project and a memorandum of intent by the parties to execute the contracts. These include the contracts among the intermediary, providers, agencies, and third party evaluators. If these contracts are complete enough to induce private business lenders and philanthropies to commit to invest their capital, then they are sufficiently complete for Fund consideration. As stressed repeatedly above, the Funds assistance should, at this time, consist of nothing more than "insurance" against appropriation and participation risks.*

What do states and localities need in order to be ready to participate in a competitive process and resulting projects?

*Answer: They need a completed set of contracts comparable to those described in "Early Childhood Pay for Success Social Impact Finance: Organizational Steps, Memorandum of Understanding and Contract Outlines." Report of the ReadyNation Working Group on contracts in Early Childhood Social Impact Finance, ReadyNation Working Paper, June 10, 2013.*
*http://www.readynation.org/uploads/db_files/RN%20PFS%20Contracts%20Working%20Group%20Report%20130610.pdf*

8. The ability to ensure that outcome payments are available for successful projects, either directly or via credit enhancement has been a significant risk that the Fund would help to address. Are there other functions that the Fund should serve in order to accelerate adoption and testing of the PFS model?

*Answer: Not at this time.*

9. Please address any other factors you believe important for consideration in development of the Fund. You may also provide examples to illustrate how the Fund could be used to accelerate or enhance implementation of PFS.

*Answer: The Fund will be doing all it should do here in the early years of PFS development if it can be quickly established and eliminate appropriations and participation risks.*

*****