



America Forward on Pay for Success

Innovation, Flexibility, and Data-Driven Results

STATE OF PLAY: PAY FOR SUCCESS AND EVIDENCE-BASED POLICY

April/May 2016

America Forward held its latest Pay for Success and Evidence-Based Policy Network call last week to discuss the current “State of Play” in Pay for Success and evidence-based policy and practice. This post reflects the major updates provided and additional resources needed to access more detail about new laws, individual pieces of legislation, Administration initiatives or state level efforts that were discussed.

The most notable updates were related to the passage and enactment of the Evidence-Based Policymaking Commission Act and the announcement of 25 Pay for Success feasibility studies funded by the Social Innovation Fund. The Evidence-Based Policymaking Commission Act has been a regular item of discussion during these updates, and at the end of March it successfully passed out of both the House and Senate and was signed into law by President Obama. In addition, the number of Pay for Success feasibility studies almost doubled in the last couple of weeks with a second round of subawardees named by a number of Social Innovation Fund Pay for Success grantees.

Administration and Congressional Updates

- 1) **Evidence-Based Policymaking Commission Act:** Representative Paul Ryan (R-WI) and Senator Patty Murray (D-WA) introduced legislation to create a commission to develop practices and processes for ensuring the use of outcomes and evidence when making federal policy and budget decisions. Known as the [Evidence-Based Policymaking Commission Act](#), the legislation has been successfully enacted into law and members have to be named to the Commission by mid May per statutory requirement.

Current Status: *The President, Speaker Paul Ryan, Minority Leader Nancy Pelosi, Majority Leader Mitch McConnell and Minority Leader Harry Reid are each tasked with naming three members to the Commission within 45 days of enactment. Minority Leader Reid has already [named](#) Dr. Robert Groves, Dr. Jeffrey Liebman, and Kim Wallin as his appointments to the Commission. Once the Commission is established its work will take place over a 15-month period.*

- 2) **Social Impact Partnership Act:** [Introduced](#) in both the House and Senate, this legislation (H.R. 1336/S. 1089) would direct federal resources to states and local communities to support innovative Pay for Success arrangements. The bills aim to tackle social and public health challenges while evaluating programs more closely in order to achieve desired outcomes for those in need and more effectively use taxpayer dollars.

Current Status:

- **House:** *Over a dozen new co-sponsors have been added since the beginning of the year. In addition, the [Republican Study Committee](#) recently included Pay for Success/the Social Impact Partnership Act in its recommended reforms related to strengthening our safety net system.*

- **Senate:** *The Senate continues to find ways to fund the bill and avenues for moving the legislation.*
- 3) **Budget/Appropriations:** The Fiscal Year 2017 Appropriations process is underway. President Obama released his [Fiscal Year 2017 budget](#) on February 9th and this marked the beginning of the budget and appropriations process. The President's budget contained a number of evidence and innovation related priorities that are outlined [here](#). The process has now turned to Congress where markups for many of the 12 subcommittee bills have been held or are on the schedule.
- Current Status:**
- **House:** *The House has not released 302(b) allocations for all of its bills but is instead identifying notional allocations bill by bill. The Labor-Health and Human Services-Education bill, where many Pay for Success and evidence-based programs are contained, will likely markup their bill in mid to late June.*
 - **Senate:** *The Senate released 302(b) allocations in mid April. The Labor-Health and Human Services-Education subcommittee allocation is \$161.9 billion, which is slightly less than \$300 million below the FY16 allocation. The Senate is scheduled to markup this subcommittee bill either the week of May 23rd or June 6th.*

Agency Updates

- 1) **Housing and Urban Development (HUD) Pay for Success Demonstration:** Bi-partisan, bi-cameral [legislation](#) that authorizes a Pay for Success multifamily energy and water conversation Pay for Success demonstration in affordable housing was introduced and successfully passed out of Congress last year. HUD is now authorized to test energy efficiency solutions in HUD-assisted, multi-family housing with the goal of reducing costs to the federal government.
- Current Status:** *HUD held listening sessions on the new demonstration this Spring and in early April sent to Congress a [plan](#) to implement the program. The Department's goal is to publish, by the end of the year, a Notice of Funding Availability and application materials to competitively select intermediaries to administer the program.*
- 2) **Social Innovation Fund Pay for Success Competition:** Over the last couple of months, a number of current SIF Pay for Success grantees [announced](#) open competitions for state and local governments or nonprofits to receive sub awards for Pay for Success feasibility studies, capacity building, or transaction structuring support. Twenty-five subawards were announced in mid-April bringing the total number of feasibility studies funded by SIF to 58. Follow the below links for more information about the SIF Pay for Success grantees and their new subawardees.
- a. [Corporation for Supportive Housing](#)
 - b. [Harvard Government Performance Lab](#)
 - c. [Institute for Child Success](#)
 - d. [National Council on Crime and Delinquency](#)
 - e. [Third Sector Capital Partners](#)
 - f. [University of Utah Sorenson Impact Center](#)
- 3) **Grant/Contract Pay for Success Preference:** The Administration is identifying ways to support the use of Pay for Success and evidence through its contract forecast opportunities. The most recent announcement is from the Office of English Language Acquisition at the Department of Education. The office released an [RFI](#) on the feasibility of using Pay for Success in the area of early learning-dual language programs/interventions in preschool through 3rd grade. The RFI closed on April 25th.

States Updates

- 1) **State Level Pay for Success Legislation:** A number of states have already advanced Pay for Success legislation through their state legislatures in the last few years. Highlighted during our call were legislative efforts in Delaware, Florida, and New Hampshire.
 - a. **Delaware:** At the end of March, Senate Republicans in the State House of Representatives released a [large-scale initiative](#) to combat poverty in Delaware. One of the agenda items of the 11 identified is Pay for Success. Delaware Republicans intend to focus on poverty through the lens of recidivism, where a goal for a Pay for Success initiative would require, for example, a 5 percent reduction in recidivism over four years.
 - b. **Florida:** At the end of 2015, a bill was filed in the Florida House of Representatives that would have established Pay for Success contract authority within the Department of Management Services (DMS) and authorized DMS to negotiate and enter into Pay for Success contracts. The legislation would have exempted Pay for Success contracts from competitive procurement requirements. A similar bill was introduced in the Senate. [Both bills](#) ultimately died in committee in mid March on the last day of the legislative session but not after the Senate bill was successfully voted out of a subcommittee and a full committee.
 - c. **New Hampshire:** During our first call of the year, we updated that the New Hampshire legislature had introduced legislation that would establish a commission to extend RFPs to provide pre-kindergarten services using Pay for Success. At that point, the legislation was making its way through the [General Court](#). Between [March and April](#), the legislation was successfully voted out of the Senate but died in the House when members of that chamber determined the legislation to be inexpedient to legislate.

If you are interested in learning more about Pay for Success or America Forward's Pay for Success advocacy efforts, please contact America Forward's Government Affairs Director, Nicole Truhe at Nicole_truhe@newprofit.org.