



# America Forward on Pay for Success

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## *Innovation, Flexibility, and Data-Driven Results*

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

December 2016

It has been a very productive year for Pay for Success and evidence-based policy in this second and final session of the 114<sup>th</sup> Congress. A number of pieces of legislation as well as amendment and budget authorities have been introduced, reauthorized, or funded on a bicameral and bipartisan basis this year. In this end of the year wrap up of our State of Play on Pay for Success and Evidence-Based Policy series, there are a number of updates to provide on legislation and funding authorities that advance Pay for Success activity, continue to scale current work, and provide overarching support for the move to an evidence-based approach to policymaking.

This update and the ones that have come [throughout the year](#) reflect some of the most significant reforms in the Pay for Success and evidence space. Not only has this outgoing Congress worked to substantively advance evidence-based and Pay for Success policies, the Obama Administration has utilized agency grant competitions to resource activities to study and support the advancement of the use of innovation and outcomes in federal programs and funding. The latest on both Congressional activity and agency updates are included in this post.

### Congressional Updates

#### *Completed Activity*

**Appropriations:** As previously updated, Congress did not complete their normal order Appropriations process prior to the end of the fiscal year on September 30<sup>th</sup>. As a result, a Continuing Resolution (CR) was passed in late September that continued funding for federal programs through December 9<sup>th</sup>. Minutes before that CR was poised to expire, another CR was passed by both chambers that continues level funding at current spending levels for all federal programs with a small across-the-board rescission of .191%. This CR expires April 28, 2017. To review the CR, click [here](#).

**Current Status:** *This latest update means that all programs will continue to be funded at their FY16 levels with the noted minor across-the-board rescission. When Congress returns after the holiday recess in early January, they will now have to, amongst other pressing items such as Cabinet confirmation hearings, come to consensus on whether to move the FY17 funding bills or continue to function under a CR through the end of the fiscal year.*

**Evidence-Based Policymaking Commission Act:** Representative Paul Ryan (R-WI) and Senator Patty Murray (D-WA) championed 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. The Commission was successfully established after passage of the [Evidence-Based Policymaking Commission Act](#) in March and is tasked with making recommendations for how best to incorporate outcomes into federal program design.

**Current Status:** *All Commission members were named by the beginning of July and since then the Commission has been meeting regularly on a variety of topics and have heard from experts across these various topics as well as from stakeholders during an open call public hearing. The Commission, through the Federal Register, has also sought feedback from a range of stakeholders on the Commission's activities. Additional meetings in Washington, DC as well as throughout the country are already scheduled for early 2017. The work of the Commission is statutorily scheduled to wrap up by the fall of 2017. A list of members, all meeting notices, and information from prior meetings can be accessed at [www.cep.gov](http://www.cep.gov).*

### **Still Pending**

**Social Impact Partnership Act:** Introduced in both the House and Senate, this legislation ([H.R. 1336/H.R. 5170/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. Much work has been done to advance these bills during this Congress (and in the previous Congress as well), which resulted in successful passage in the House but an inability to move the legislation in the Senate despite bi-partisan support.

**Current Status:** *Despite robust efforts throughout the year, and in the end game efforts during the lame duck session of Congress, this legislation was unable to successfully move from legislation to law. Discussions are already underway about how to move the legislation in the new year and under a new Congress given its importance to the overall Pay for Success movement.*

### **Agency Update**

#### **Department of Education**

Over the course of 2016, the Department of Education has used its national activities/technical assistance authority to release a number of Notices of Funding Availability (NOFAs) and other contract request for work to support the study of Pay for Success as a viable strategy for various populations and programming in the education system. Awards have been made for two of the three NOFAs to date with one pending for award in the coming weeks.

- a. **Dual Language Program for Early Learners:** To improve outcomes for children learning English, the Department of Education has awarded a contract to the [American Institutes for Research](#) (AIR) to conduct a feasibility study that will identify at least two promising school sites that are using evidence-based interventions for early learning dual language models where a Pay for Success project could take shape to help scale the interventions to reach more students who need them.

- b. **Career and Technical Education (CTE):** A [CTE NOFA](#) was released for technical assistance to support a feasibility study and transaction structuring in up to four local CTE sites. To improve outcomes for underserved, high-need youth, the Department recently awarded the grant to [Social Finance Inc.](#), in partnership with [Jobs for the Future](#) (JFF), to support the development of PFS projects to implement new or scale up existing high-quality CTE opportunities.
- c. **Preschool Development Grant:** The preschool NOFA will award up to \$2.8 Million in funding for testing through a feasibility study whether Pay for Success is a viable strategy for implementing preschool programs. Applications were due in early October, but as of the date of this post, no award has been announced.

### **Department of Veterans Affairs (VA)/Corporation for National and Community Service (CNCS)**

The VA and CNCS partnered in August on a [Veterans Employment Pay for Success Grant Program](#) to fund a demonstration project to support and assess the use of Pay for Success to improve employment outcomes for veterans with a service-connected disability of PTSD. On Veteran's Day, the [grant award](#) was announced to Social Finance Inc. who will work with a group of partners to launch a Pay for Success project focused on the needs of this population using an evidence-based intervention, Individualized Placement and Support.

### **Corporation for National and Community Service**

Through the Social Innovation Fund (SIF) at CNCS, almost \$35 Million federal dollars have been leveraged by a 1:1 match of private dollars to grow community solutions with evidence of results. Through the CNCS SIF Pay for Success program, funds are provided to nonprofit organizations and state and local governments to study and develop Pay for Success projects in order to determine if and how funding for social services can be tied to the achievement of long-term outcomes for true impact in low-income communities across the country. The [most recent awards](#) of over \$10 Million went for two primary purposes noted below.

- a. **Social Innovation Fund Pay for Success Pipeline Competition:** Through the SIF, \$6.77 million in funding was awarded to four organizations to help build the pipeline of Pay for Success projects for state and local governments and/or non-government outcome payors, with the goal to get more PFS projects launched. These efforts will support the advancement of emerging models that align payment for social services with verified social outcomes. The awardees were: Corporation for Supportive Housing, Green and Healthy Homes Initiative, Social Finance, Inc., and Third Sector Capital Partners.
- b. **Social Innovation Fund Administrative Data Pilot Competition:** The SIF also provided first time funding in November to three grantees to help current Pay for Success projects better demonstrate the impact of their programs by providing support for access to high-quality, less-expensive data for evaluation purposes. A little over \$4 Million went to: The Stanford Center on Poverty and Inequality in partnership with Third Sector Capital Partners, The Urban Institute, and University of Utah's Eccles School of Business to support this effort.

Our hopes for the new year include the successful implementation of the authorities that have been enacted this year and continued progress on those bills yet to be passed as well as continued focus on and advancement of evidence-based policies and Pay for Success efforts in the 115<sup>th</sup> Congress and incoming Administration. In the new year, we will continue to hold bi-monthly update calls and provide these regular blot posts of all of the great work going on at the federal level as well as in states and counties across the country in this space. We are excited for what progress is ahead for evidence and outcomes-based policy and practice.

If you are interested in learning more about Pay for Success and evidence-based policy or America Forward's related advocacy efforts, please contact America Forward's Government Affairs Director, Nicole Truhe at [Nicole\\_truhe@newprofit.org](mailto:Nicole_truhe@newprofit.org).