



# America Forward on Evidence, Equitable Outcomes and How Government Drives Results

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## **Introduction**

America Forward is a coalition of more than 100 organizations nationwide, focused on advancing public policies that foster innovation, identify more efficient and effective solutions, reward results, and catalyze cross-sector partnerships in education, early childhood, workforce development, youth development, and poverty alleviation. We are educators, advocates, case managers, and organizers working in more than 15,000 communities across the country and touching more than 9 million lives every year.

Our organizations work to support students, young people, families, educators, workers, leaders, and communities by providing critical tools, supports, funding, and resources to increase accessibility and improve outcomes. America Forward brings together nonprofit leaders and social entrepreneurs with policymakers to leverage community-based solutions to address systemic inequities that exist in both our education and workforce systems. Over the past year, the coronavirus pandemic, a renewed national reckoning on racial injustice, and much else has only deepened these disparities and highlighted the vital need to reimagine and restructure these systems with an intentional focus on equity, stability, and expanding opportunity so that every person can thrive.

## **Why We Care: Evidence, Outcomes, and Equity**

Current government decision-making about policies and funding allocations is too often focused on inputs and outputs, rather than outcomes, preventing the measurable reduction of gaping racial and socio-economic disparities across our society. This leads to a deeply inequitable status quo where too many government programs do not successfully empower individuals, families, and communities to access opportunity and achieve economic mobility and self sufficiency. We must move toward approaches to government decision-making that support better outcomes, increase equity, incentivize innovation, empower leaders with proximity to the problems we collectively aim to solve, emphasize prevention, unlock siloed resources, and support the development of and access to disaggregated data.

Approaches that succeed in many or all of these objectives, building evidence and achieving equitable outcomes along the way, are part of an approach to government we collectively call “Pay for Success,” or “PFS.”

In a recent [Stanford Social Innovation Review article](#), co-authored by America Forward, we defined PFS as “much more than a financing model; it’s a set of linked approaches that uses data to drive decisions, establishes governance structures that transcend traditional power dynamics, disrupts the inertia of procurement with active performance management, builds evidence, and ties some payments to measurable outcomes. If we can make this approach dynamic enough to keep up with politics, adaptive enough to empower communities rather than dictate to them, and equitable enough to challenge deep and systemic inequities, PFS can become both widespread and potent enough to move the dial on even the most entrenched social challenges.”

In a second, even more recent [article](#), a number of senior leaders within New Profit, a venture philanthropy group and America Forward's parent organization, made a case for the importance of "proximity," arguing, "Leaders who arise from the communities and issues they serve have the experience, relationships, data, and knowledge that are essential for developing solutions with measurable and sustainable impact."

The policies and priorities championed in this platform combine the catalytic potential of proximity with the systems-change potential of Pay for Success. In this document, we lay out a blueprint for how to achieve a paradigm shift across the federal government. By fostering collaboration to break down silos in data, funding, policy, and implementation; prioritizing evidence and data; incentivizing outcomes; and explicitly prioritizing underserved communities, we will better leverage taxpayer dollars to unlock economic opportunity, address systemic racism, and measurably improve the lives of millions of Americans.

As defined in this platform, Pay for Success includes:

- Allocating funding based on tiered-evidence frameworks that target resources to programs that have greater evidence of effectiveness, and that create pathways for newer programs that have not been as extensively studied to build evidence.
- Funding innovation and R&D across government to develop, test, and scale effective interventions.
- Authorizing and encouraging the use of new contracting (i.e., Pay for Success or Pay for Performance) and performance management practices that emphasize outcomes over inputs and outputs.
- Investing in updated practices, policies, and systems to support data analysis and the sharing of data to better and more quickly capture and adapt to emerging evidence and changing circumstances.
- Allowing more streamlined access to and greater use of existing (administrative) datasets.
- Funding and enabling evaluations as a core element of both discretionary and mandatory government programs.
- Fostering greater ongoing collaboration between governments, service providers, and the people they serve to jointly set goals, identify outcome barriers, and co-design solutions.
- Hiring individuals within government and incentivizing the hiring of individuals within service organizations who have knowledge in data collection and analysis, program evaluation, and continuous quality improvement.
- Of special importance, leveraging all of these approaches to measurably achieve greater equity for communities, make government a more inclusive forum for problem-solving, and empower community leaders with more direct, proximate experience with the challenges government aims to solve, including in particular Black and Brown social entrepreneurs and social enterprise leaders, nonprofit leaders, and systems changers.

## **Specific Policy Proposals**

The following reflects policy ideas generated by America Forward’s Coalition that help to translate the approach of evidence-based and outcomes-driven policymaking into practice, while prioritizing and elevating proximate leaders and explicitly prioritizing underserved communities and individuals. They include both potential administrative and congressional actions that emphasize innovation, prevention, outcomes over outputs, disciplined use of data, and the incorporation of Pay for Success and other outcomes-based contracting with the goal of measurably improving outcomes and increasing equity in communities from coast to coast.

Many of the ideas are no or low-cost, while bringing a greater focus on outcomes to drive what our government funds. The broad government reform ideas include ecosystem- or government-wide ideas that would be cross-cutting and change fundamental governance practices to focus on outcomes, invest in what works, make government programs more equitable, and increase transparency for government activities. We also present additional proposals that are more specific to certain issue areas, to incorporate evidence-based, outcomes-driven, equitable approaches into programs addressing the many challenges we face. Many of these proposals were also lifted up in [our 2020 policy playbook](#), released in January 2020, and in our [November 2020 transition memo](#) to the new Biden Administration.

## **A New Federal Talent and Leadership Strategy That Merges Outcomes, Innovation, and Equity**

### **Create A White House Office of Inclusive Impact and Innovation.**

We call for the creation of a [new White House Office of Inclusive Impact & Innovation](#), led by a Chief Inclusive Impact & Innovation Officer reporting directly to the President, with the authority both to help set budgetary priorities through the Office of Management and Budget (OMB) and to convene and direct policy through the White House Domestic Policy Council (DPC). This proposal builds on the breakthrough work of the Obama-Biden Administration’s White House Office of Social Innovation and Civic Participation. We see this office as a “next generation” effort to continue to achieve systemic change across the federal government. The new office would elevate proximate voices in policy-making; advance equity, innovation, and evidence; and deepen engagement with the private and nonprofit sectors. Similar offices should be established at DOL, HHS, ED, CNCS, Treasury, HUD, DOJ and USDA, as well as replicated at the state and local levels. The Office would help drive the priorities contained in President Biden’s [“Plan to Build Back Better by Advancing Racial Equity Across the American Economy”](#) ensuring that policies and resources throughout the federal government measurably advance racial equity, include proximate leaders in policymaking, and achieve inclusive impact of government programs in communities. Key elements of this proposal could be incorporated into the existing staff structure of President Biden’s newly announced Domestic Policy Council, including with a team and/or key leads detailed into the DPC from outside of government under the Intergovernmental Personnel Act (IPA).

Specifically, the Office of Inclusive Impact & Innovation would play a leadership role in the new Administration’s efforts to:

- **Dismantle Barriers to Equity**, championing projects to measurably reduce racial disparities.
- **Prioritize Proximity in Policy**, leveraging the [catalytic potential of proximate leaders](#) who “arise from the communities and issues they serve [and] have the experience, relationships,

data, and knowledge that are essential for developing solutions with measurable and sustainable impact.”

- **Coordinate Place-Based Initiatives**, tackling persistent poverty in historically disenfranchised areas.
- **Reimagine Talent Strategies**, calling a new generation of diverse talent to public service, including those overcoming high barriers to employment.
- **Facilitate Outcomes-Oriented Funding**, focusing on results to measurably redress inequity.
- **Develop Cross-Sector Partnerships** with businesses, nonprofits, and philanthropy, building on over \$32 billion already committed by companies and foundations toward furthering racial equity.

Finally, this proposed new office should coordinate its agenda closely with other senior White House staff (in particular the Domestic Policy Council) charged with advancing racial equity, amplifying the impact of this work, and ensuring the new President and Vice President’s priorities on this topic are effectively implemented.

In addition, **to amplifying the efforts of this new Office**, we call for the Biden Administration to take the following broad steps to focus more intentionally on equitable outcomes across the entire federal government:

- **Emphasize outcomes and equity.** Invest in an equity-focused disaggregated measurement system that tracks workforce, education, health, and justice-system outcomes, and also breaks these outcomes down by gender, race, ethnicity, justice-system involvement, and other systemic barriers. Include equity impact assessments systematically across government programs to fight inequity and injustice.
- **Bring diverse, proximate new talent into the public sector.** Reform and modernize the way we recruit, hire, and retain talent at all levels of government to make our public sector more outcomes-oriented, more hospitable to systems change, more diverse, and more inclusive. We propose a new pilot program of competitively selected mid-career leadership fellows to provide the needed expertise, and to expose individuals with experience in other sectors to opportunities within government. Read more about our proposal [here](#).
- **Spread a paradigm for outcomes-focused governance to state and local levels of government.** Past efforts to focus on measurable results at the federal level have not led to widespread adoption of these outcomes-driven best practices at the state and local levels. We therefore propose that both the White House Office, and senior leadership across the federal government more broadly, lead the charge to revise regulatory, financial and management systems among federal human service agencies (including DOJ, USDA, DOL, Dept of Ed, HUD and HHS) to help spread an outcomes-focused government paradigm across state and local levels of government. Read more about Third Sector’s proposal along these lines [here](#).

## **New Tiered Evidence Funds, Funding and Incentives to Drive More Equitable Outcomes, Build Evidence and Scale What Works Across Government**

### **Create an Equitable Employment Outcomes Fund.**

As part of our nation’s economic recovery strategy, we propose the creation of a new \$800 million “Equitable Employment Outcomes Fund,” a federal competitive grant fund to build evidence, scale what works (with a focus in particular on real world sustained improvements in the lives of those served), pay for improved employment and wage outcomes, incentivize data-driven performance management, fund practitioners to build data and evidence capacity, and increase equity across our workforce. By encouraging governors and local officials to deploy COVID-19 economic recovery dollars with an eye on evidence and outcomes, this new fund could strengthen our community college training, public workforce development programs, and public baccalaureate programs serving under-represented minorities and/or low income populations; promote inclusion and equity across sectors; and ultimately accelerate our economic recovery.

Similar to major grants in the American Recovery and Reinvestment Act of 2009, this fund could “punch above its weight,” driving reforms as states commit to outcomes-based funding and evidence-building. Critically, the fund should have provisions to help incentivize and fund evidence-building activities among local community-based organizations, with a funding strategy that fully leverages the [catalytic potential of proximate leaders](#). Ideally, the proposal would also include strong incentives for state and local applicants to pull in matching dollars from local employers plus core federal workforce, education, and anti-poverty funding streams, such as the Workforce Innovation and Opportunity Act (WIOA), the Every Student Succeeds Act (ESSA), the Strengthening Career and Technical Education for the 21st Century Act (Perkins V), the Higher Education Act (HEA), Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program Earning and Training (SNAP E&T), and additional federal funding sources. Read more about the proposal [here](#).

America Forward is currently working with Congresswoman Mikie Sherrill (D-NJ) to introduce legislation implementing a version of this proposal. The proposal aligns closely with the Economic Mobility Tiered Evidence Funds [proposed](#) by Results for America. In addition, it’s critical that this new competitive fund be structured to incent greater collaboration across an overly siloed workforce system, encouraging state and local workforce development boards, community colleges, state and local human service and workforce agencies, leading evidence-based providers, other social entrepreneurs in the workforce space, evaluators, and other stakeholders to apply for awards jointly, and leveraging the incentive funding to break down silos across the system. Finally, these funds should also include built in technical assistance to support grantees to implement the envisioned system changes. Recognizing the challenges of comprehensive system change, coaching and other hands-on TA support are essential to ensuring that that the grant spurs the envisioned changes in policy, practice, and behavior, and that these last beyond the grant life cycle.

### **Encourage an Equitable Employment Outcomes Approach via the SNAP E&T program, by passing the [RESET for America’s Future Act](#).**

America Forward is championing a new set of incentives to build evidence, scale effective approaches, tie funding to results, and increase equity through the Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) fund. Our proposal appropriates \$100 million in new emergency funding to the program as part of a larger COVID-19 recovery package, and deploys that funding to fully reimburse states, local governments, and providers that fund rigorously proven approaches, pilot more

innovative methods combined with rigorous evaluations, or tie at least 20 percent of funding to employment, wages, or another related outcomes. This structure creates a meaningful incentive, as current law requires a 50 percent match for most SNAP E&T funds. As an additional incentive, participants enrolled in these types of programs are automatically eligible for SNAP E&T for six months - under current law, participants can be disqualified from the program month to month based on earnings, which perversely immediately disqualifies participants from effective programs that help them to earn a living wage. The proposal includes safeguards to ensure these resources flow to families and communities most in need. It also includes a number of good government reforms to streamline program enrollment, cover supportive services such as transportation and child care, and better coordinate service delivery for those enrolled in covered projects, adding further incentives for providers to participate in these “evidence and outcomes” initiatives. Finally, the proposal includes funding for administration, technical assistance, evaluations, and improved state level data-systems to streamline enrollment and track program outcomes. America Forward collaborated closely with Congresswoman Abigail Spanberger (D-VA) and Congressman Fred Upton (R-MI) to introduce legislation implementing a version of this proposal, and [over 50 Coalition members](#) and partners have endorsed the legislation.

### **Create a new Higher Education Innovation and Tiered Evidence Fund, Enact the FINISH ACT.**

Each year 1.2 million under-resourced or first-generation students enroll in college, but [only a quarter of them](#) will leave with a job related to their studies or enter graduate school. Even at the most affordable community colleges, only about [one-third](#) of students graduate within one-and-a-half times the length of the program. These students are increasingly [likely](#) to come from Black and Brown communities, and often face [systemic barriers](#) that make it harder to complete their postsecondary degrees, compared with many of their peers.

To address this unjust and unacceptable status quo, we propose an \$800 million competitive evidence-based innovation and replication grant program focused on increasing completion rates, based at the U.S. Department of Education. Again, this fund should prioritize real world sustained impacts for those served, and support practitioners to build data and evidence capacity. Our proposals align closely with the Fund for Innovation and Success in Higher Education ([FINISH Act](#)), introduced by bipartisan champions in both chambers of Congress, which includes a version of this proposed Innovation and Tiered Evidence Fund, authorizes Higher Education Pay for Success pilots, and other provisions. America Forward co-wrote a concept paper with Results For America and New America with more details on the proposal, available [here](#).

### **Pass the [Jobs for Economic Recovery Act](#), and link subsidized employment with “hire, train and retain” employment outcomes payments.**

The Jobs for Economic Recovery was introduced in June 2020 by five U.S. Senators; the legislation subsidizes employment, builds evidence, strengthens the [employment social enterprise sector](#), and improves outcomes for individuals facing barriers to employment. America Forward and our partners are pushing for its enactment. This approach could be further strengthened by linking subsidized employment and employment outcomes payments. Congress could reemploy millions with an ambitious new subsidized employment program that includes “hire, train and retain outcome-payments” linked to worker earnings. This model would be especially catalytic if the payments are linked to individuals who face substantial barriers to employment, such as an individual with prior legal system involvement, who has or is experiencing homelessness, or who faces persistent poverty. This approach should also help build the public sector’s capacity for performance management, and ensure communities of Black,

Indigenous, and people of color (BIPOC) are fully included. America Forward developed this proposal in collaboration with New Profit's Future of Work Initiative; you can read more about the concept [here](#).

**Invest in and scale proven approaches and programs to put Americans back to work and improve economic mobility.**

We need to more effectively deploy federal funding to scale economic mobility strategies proven to work with strong causal evidence. Apprenticeship programs, sectoral training programs, employment social enterprises (ESEs), reemployment programs for those who are recently unemployed, and permanent supportive housing have all been proven to be effective in connecting those overcoming barriers to employment and to stable and sustainable jobs. Especially in the midst of this crisis, putting significant federal funding behind these proven approaches would allow them to be scaled to reach millions of Americans who urgently need a helping hand and a direct path back to stable employment.

**Increase funding for the Reemployment Services and Eligibility Assessment (RESEA) program.**

Dedicate funding to help scale effective workforce and reemployment approaches. RESEA, already an important and catalytic evidence-based reemployment program, could be even stronger if it included additional funding for the types of "hire, train, and retain" outcome payments articulated and defined above.

**Set asides for proximity, increasing equity, and technical assistance.**

Each of these new proposed sources of federal funding should include incentives and set-asides for local, proximate leaders and innovators focused on increasing the diversity, equity, and inclusion of the community of evidence-based, proven, data-driven nonprofits and social entrepreneurs. They should also include additional funding for the types of technical assistance we know are vital for these projects to succeed, and at which numerous members of America Forward's Coalition excel.

**Build on Landmark Legislative Successes to Institute Equitable, Outcomes-Driven Systems Change**

**Build more flexibility into the implementation of the Results Act (also known as SIPPPRA).**

In 2021 and beyond, the federal government should build on the best ideas developed under the bipartisan Social Impact Partnerships to Pay for Results Act (SIPPPRA, or Results Act) by applying a more flexible and adaptive approach to the Department of Treasury's outcomes fund, making the Interagency Council on Social Impact Partnerships permanent, and empowering the council to identify, co-create, and co-fund projects to improve state and local government effectiveness.

The Biden Administration should institutionalize and empower the Interagency Council on Social Impact Partnerships with a small, dedicated staff to facilitate the Interagency Council's efforts, empower the team to accelerate understanding of the Results Act, and encourage new projects through proactive outreach and training with states, counties, and cities. This team could support agencies in identifying, collaborating on, and implementing outcomes-funding programs. It could create a more nimble, multistage process to identify promising applicants, co-designing project elements with government partners (rather than requiring near-complete projects with multiple embedded contracts pre-award). It could develop applicant tiers, enabling less-experienced communities with lower-budget applications a greater opportunity to secure an award, and more experienced jurisdictions opportunities to expand and adapt successful projects. It could further design a refined set of evaluation criteria for alternative outcomes-funding mechanisms, such as outcomes-based contracting, [outcomes rate cards](#), or

[outcomes-financing](#). Congress could make the funding even more flexible and more broadly applicable by encouraging a wider set of cross-sector partnerships, and expanding the matched funding pool under the Results Act, extending it up to \$1 billion in order to supercharge state and local governments' recovery efforts. America Forward co-authored a [proposal](#) with our Coalition member Social Finance, with more details on this vision.

### **Establish a “SIPPRA Data and Evaluation Lab.”**

Currently, Treasury requires each SIPPRA project applicant to design the evaluation, identify data sources, and negotiate data-sharing agreements, which are burdensome, time-intensive, and costly steps that have been a major hurdle for previous Pay for Success projects. Because the federal government holds some of the most accurate and complete data for measuring program outcomes, costs, and savings for certain SIPPRA-eligible interventions, facilitating access to federal data and utilizing standard measurement and evaluation methodologies could significantly enhance the quality of SIPPRA evaluations while lowering their costs. To build further on the landmark achievement of the Results Act, and on our recommendations above, we believe a cross-agency team, supported by academic IPAs, should create a SIPPRA Data and Evaluation Lab to:

- Create internal capacity to conduct key portions of SIPPRA evaluations using the scorecard approach above.
- Create standard protocols and data use agreements for accessing federal data that can be shared with external evaluators.
- Develop standard methodologies and templates for measuring impacts, costs, and savings to improve comparability across projects. When appropriate, evaluators for approved SIPPRA projects could conduct evaluation activities inside the federal government while serving as IPAs.

### **Build on the Foundations for Evidence-based Policymaking Act.**

As our partner, Results for America (RFA), observes in its [Transition Recommendations](#), “Congressional leaders also took a major step forward in measuring and improving the impact of federal government programs with the [Foundations for Evidence-based Policymaking Act](#), known as the Evidence Act, signed into law in 2019. The Evidence Act marks a major milestone in requiring federal agencies to evaluate the impact of their programs; scale the use of data, evidence, and evaluation in the policymaking process; and increase public access to federally held data.” Its enactment represents a major achievement, in part as a result of our collective advocacy with RFA (reflected in America Forward’s 2016 platform): specifically, Congress’s implementation of key recommendations from the Commission on Evidence-based Policymaking.

We further agree with [RFA](#) that while “the Evidence Act lays important groundwork for increasing the use of evidence-based policymaking, more action is required to ensure federal agencies build and use evidence and data to inform their fiscal and policy decisions. In particular, the Evidence Act cannot achieve its intended objectives if state and local governments and program participants are not brought in as partners in identifying key research questions and carrying out the analytics and evaluation activities to learn what works for different communities. To date, federal implementation of the Evidence Act has focused heavily on evaluations that will be carried out at the federal level with federally held data, with little stakeholder engagement or participant feedback. Federal agencies need



to prioritize helping local governments promote innovation, continuous learning, and the scaling of proven solutions for their communities.” A key pillar of this help to state and local governments is the Outcomes-Focused Governance paradigm, referenced earlier in this paragraph - a systems change approach for how state and local governments can reorient policy, data, funding, evidence-based programs, external relationships, and internal culture surrounding human service delivery in support of better and more equitable outcomes.

**Build on recent successes in WIOA (2014), ESSA (2015) and Perkins V (2018).**

Encourage the use of outcomes-based payments and Pay for Success approaches in appropriating existing federal funds across additional major legislation that moves in Congress, including in TANF, Social Services Block Grant (SSBG) funding, Labor-HHS-ED appropriations, and elsewhere. Language could be broad or indicate a specific dollar amount or percentage (%) of a formula and/or discretionary funding stream(s). Any funding used in these types of contracts should remain available until expended.

**Add Outcomes-based payment authority to existing tiered evidence funds to help further scale the innovations tiered funds are proving.**

Finally, these provisions should include additional funding, in the form of new or additional federal incentive dollars for state and local jurisdictions that successfully leverage existing PFS provisions in federal legislation (including, in particular, WIOA, ESSA, Perkins V, SIPPR, and Maternal, Infant, and Early Childhood Home Visiting [MIECHV] legislation). This should encourage state and local innovators to go through the hard work involved in setting up and launching outcomes-driven payment models (we include more details on this proposal in the next section of the platform). Put differently: state and local governments, nonprofits, and providers should get additional federal funding for linking dollars to rigorously measured outcomes. One way to do so is the approach outlined in the RESET for America’s Future Act outlined above: increasing the federal match and/or waiving state and local match requirements through a range of federal programs for local jurisdictions willing to pursue a more collaborative and outcomes-driven approach. These sources of federal funding should include set-asides for local proximate leaders and innovators focused on increasing the diversity, equity, and inclusion of the community of evidence-based, proven, data-driven nonprofits and social entrepreneurs, as well as additional funding for the types of technical assistance we know are vital for these projects to succeed, and at which numerous members of America Forward’s Coalition excel.

**Enact a new Labor/HHS appropriations general provision allowing up to 10% of any formula grant program funds.**

This provision would allow up to 10% of any formula grant program funds to be used for outcomes payments in state/local sponsored evidence/outcomes-based contracts with such funds reserved and remaining available for payment to providers for up to five years after contract execution.

**Build capacity for outcomes and performance management across government.**

As part of a recovery fund for state and local governments in response to the COVID-19 fiscal crisis, state and local governments should be required to spend at least 1 percent of funds on data, evaluation, performance management, and associated staffing or technical assistance, to measure the effectiveness of response activities, pay for outcomes, or build state and local government capacity to measure and evaluate outcomes. More broadly, funding flexibility, embedded systematically across federal programs, grants, and funding streams, should be allowed to empower state and local governments to support this type of “outcomes infrastructure.”

**Build on Landmark Legislative Successes at the Federal Level by Empowering and Encouraging State and Local Jurisdictions and Social Entrepreneurs Across the Country to More Effectively Leverage These Provisions and, Thereby, To Achieve Stronger Outcomes in Their Communities While Empowering Local Innovation**

**Empower and encourage state and local jurisdictions to leverage and build on outcomes-based payment provisions already codified in federal law.**

America Forward and its partners have helped achieve historic progress on evidence-based models and outcomes-based payment structures in federal legislation in recent sessions of Congress. We helped create new Pay for Performance authorities in WIOA in 2014. We helped authorize PFS in ESSA in 2015, and in Perkins V, MIECHV and SIPPR in 2018. A federal government-wide [catalog](#) of PFS and outcomes-oriented payment authorities by America Forward and Social Finance counted at least 8 federal departments and agencies with programs, initiatives, funds or authorities linking payments to outcomes over the past decade. And a number of bipartisan bills were introduced in the last Congress (and we fully expect will be reintroduced in this Congress) which would expand the use of PFS approaches and PFS contracting, including the FINISH Act. However, notwithstanding all this progress, we've seen a number of barriers to effective implementation as these new authorities and new funding has come online. In particular, these include:

- **Unacceptably long delays in federal implementation.** In a number of cases in recent years, federal agencies moved so slowly to implement key outcome-oriented provisions of federal law that their actions cumulatively appear hard to distinguish from obstruction. Despite the enactment of Pay for Performance provisions in WIOA in 2014, and despite a multi-year campaign of advocacy, the Department of Labor did not release federal guidance on the provision until it published a Training and Employment Guidance Letter (TEGL) in December 2020; meanwhile, the lack of federal guidance froze or blocked a number of promising local workforce development board efforts to leverage these provisions of WIOA. Separately, as of March 2021 the federal government has announced only 1 SIPPR federal award, almost certainly putting the Treasury Department and other federal agencies tasked with the implementation of SIPPR more than 15 months past the statutory deadline to announce a first round of awards. Although complications associated with the COVID-19 crisis are partly the cause of this delay, the Treasury Department and other federal agencies were already more than four months past the SIPPR statutory deadline when the COVID-19 pandemic struck the United States. Federal agencies implementing SIPPR made a number of decisions both before and after that date, unrelated to the pandemic, that needlessly exceeded the requirements of the underlying legislation and both complicated and delayed its implementation, creating a series of unnecessary obstacles to state and local governments attempting to launch SIPPR-funded projects.
- **Challenges to Implementation at the state and local level.** Beyond and apart from federal delays, there are a number of challenges to implementation of PFS and outcome-based provisions at the state and local levels. For instance, very few school districts have moved forward with the outcome-based payment contracts authorized in ESSA in 2015, and very few workforce development boards, community colleges, or other providers have seriously pursued the outcomes-based payment options authorized in WIOA, Perkins V, and elsewhere. While, in the latter instance, some of the lack of progress is attributable to the federal delays summarized

above, this is not the only obstacle. Outcomes-based contracts are new to many governments and, therefore, are often more complicated and require greater resources to implement. Lack of staff, technical assistance, funding to pay for both, spotty access to the necessary administrative data sets required to accurately measure and pay for outcomes, and a number of other related “infrastructure” challenges all collectively make implementation of these provisions a major hurdle. The difficulty of rechanneling or reallocating existing federal funding streams currently obligated or contracted out to incumbent providers - even when outcome and evidence-based authorities now exist in federal law - the lack of strong political will to tackle these challenges in many communities, and the continuing gulf (both real and perceived) between the “outcomes” and “evidence” agenda on the one hand, and an “equity” and “proximity” agenda on the other hand all further contribute to the challenges associated with generating shovel-ready projects.

These are real challenges, yet we believe policymakers at all levels of government can take a number of concrete steps in the coming years to address them.

**With respect to the delays at the federal level, we call for:**

- **New Inspector General requirements, and a renewed focus on expeditious implementation.** Congress should add teeth to the timelines enumerated in legislation with respect to agency-level initiatives that focus primarily on outcomes, evidence, and innovation, given the internal resistance they sometimes encounter, and the sporadic reluctance to prioritize their implementation. Legislation should include automatic Inspector General (IG) investigations for agencies that miss statutory deadlines with respect to these initiatives. IGs, the GAO, and other watchdogs should proactively investigate the cause and consequence of these types of delays, and champions in Congress in both parties and both chambers should more proactively question the political leadership of these agencies regarding the causes and consequences of federal delays in this space.
- **Release guidance to focus audits on outcomes over compliance.** OMB and the new Biden Administration should release guidance for federal auditors instructing them to focus on measurable outcomes at least as much as they focus on narrow compliance, in an effort to catalyze cultural changes across federal agencies and focus attention more on outcomes.
- **New talent and a renewed focus on equitable outcomes and innovation driven by the White House and OMB.** Many of these challenges could be greatly mitigated by bringing the right talent into key federal agencies and by using some of the approaches, authorities, and proposals identified previously in this platform (in particular, through the more imaginative and proactive use of [Intergovernmental Personnel Act](#) agreements, or IPAs). In addition, a new White House Office of Inclusive Impact & Innovation, as proposed earlier in this platform, could help ensure that these types of initiatives and programs are prioritized and not slow-walked.
- **More flexibility with respect to how these programs are implemented.** A number of the federal delays we have seen in Pay for Success initiatives, especially in SIPPPRA/the Results Act, have been driven in part by overly restrictive requirements (which go far beyond the underlying legislation), such as tying outcomes payments to overly stringent federal cost savings targets, and other restrictions that may be prohibitively burdensome for the architects of these types of projects, and can easily stifle innovation and progress in this field (including a requirement that outcome payments can only be made on the basis of statistically significant effects). Federal agencies implementing these programs should engage more with field practitioners to

understand the real-world implications of these types of requirements and should be careful about imposing restrictions that go beyond the underlying legislation establishing the program without first understanding whether those restrictions are truly necessary.

**With respect to the challenges associated with implementation of projects that link funding to equitable outcomes at the state and local level, we call for:**

- **Clear, user-friendly federal guidance.** Federal grantees should be allowed to routinely use a percentage of federal funding for technical assistance, staffing, evaluations, data-system improvement, and other functions that are essential to exploring, structuring and launching these types of innovative projects.
- **New federal incentive funding.** To encourage state and local jurisdictions to leverage outcomes-based payment authorities, we need new federal incentive payments rewarding jurisdictions willing and able to take on these new challenges. These incentive payments could be included in annual appropriations bills, or set aside in core federal funding streams codified in WIOA, ESSA, Perkins V, MIECHV, HEA, and elsewhere. A number of the new proposals outlined above, including our proposed Equitable Employment Outcomes Fund and our Higher Education Tiered Evidence Fund, would be ideal vehicles in which to embed these incentive payments.
- **A renewed focus on advocacy and engagement at the state and local level.** Governors have a number of relatively underutilized authorities and tools, such as their state-reserve authorities through WIOA and Perkins V, that could be used to incentivize, fund, and launch projects at the state and local level. Policy action in Washington, D.C., while critical, is not sufficient on its own; we need bold new leaders at the state and local levels to work together to put this new vision for outcomes-based work into practice - and we can do so without waiting for Congress to act.

A bipartisan cohort of governors, local officials, and service providers should partner together to launch a new cluster of Pay for Success projects. New projects could leverage a mix of Pay for Success approaches, including outcomes-based payments, improved integrated data, commingled federal funding streams, and innovative partnerships with philanthropy. They could engage the talents of a new cluster of staffers who excel at leveraging administrative data to more effectively manage public contracts based on performance and results. Governors and mayors could commit to scaling these approaches in their budgets if, based on a strong evaluation, they exceeded key outcomes targets.

In addition, we propose the following bold ideas to encourage more innovation, and a renewed focus on equitable outcomes, in communities across America:

- **Create “Community-Led Social Innovation Zones.”** These social innovation zones would combine a rigorous focus on outcomes with more flexibility for state and local stakeholders, in order to leverage and connect multiple overly-siloed federal funding streams, while also elevating community leaders into the decision-making process - a crucial step towards ensuring that community drives development, as opposed to the inverse. Through this initiative, governors would designate zones of persistent poverty - ideally, building on existing place-based and results-focused efforts - provided these newly designated communities include well-crafted, meaningful safeguards to ensure that the most disenfranchised members of a community - including, in particular, families in poverty and BIPOC - are prioritized and not displaced via this process. These communities would receive waivers to pool federal funding with fewer restrictions and use it, based on a community plan, to improve outcomes for the whole

population; again, with safeguards to ensure such efforts do not simply accelerate gentrification, make housing unaffordable, or increase homelessness. Communities able to exceed a threshold share of their federal dollars in these zones explicitly tied to an outcome or set of outcomes would receive additional federal incentive dollars to further augment their service array in these zones, and would receive additional federal dollars to scale the approach if the services actually met or exceeded those target outcomes, as measured by validated administrative data.

- **Pass the bipartisan Social Determinants Accelerator Act (SDAA).** Economic and social conditions have a significant impact on health and wellness. Stable housing, access to high-quality education and high-wage employment, reliable transportation, and healthy nutrition are all examples of social determinants of health that, among many other benefits, can make a measurable difference in the prevention and management of health conditions such as diabetes, asthma, and heart disease, thereby reducing long-term healthcare costs. Our Coalition members are committed to improving the health and wellbeing of individuals by investing in preventative programs that make communities healthier, including in housing and supportive housing services, workforce training and resource programs, and high-quality preschool and child care. One of the greatest challenges to achieving better long-term health outcomes for underserved communities is the difficulty of coordinating health and social service programs. Such complexity often stymies innovative cross-sector efforts or limits the scope and scalability of initiatives at the state and local level. In order to identify and scale effective preventative interventions, we must first build stronger evidence to identify which community-based approaches produce better health outcomes, and we must break down the barriers that impede coordination between health and social services programs. The SDAA, which has been introduced by bipartisan champions in both chambers of Congress, will provide state, local, and tribal governments, and their nonprofit and social entrepreneur partners, with additional capacity, resources, and support to overcome these challenges, helping to advance this vital field. (Notably, some components of the SDAA [were already enacted](#) at the end of 2020, including a \$3 million pilot).
- **Move one million families out of poverty by investing directly in the under-resourced families working toward economic mobility.** We propose using TANF funds, or an alternative funding source, to engage cohorts of families to work together and support each other in achieving financial and personal goals. Families would work in conjunction with a nonprofit partner committed to providing information about available services and their impact, data and technology tools, and unrestricted financial seed capital. This system would leverage and enrich communities' social capital, and offer access to financial capital allowing poor families to weather setbacks, invest in opportunities, and choose the future they want. The [Family Independence Initiative \(FII\)](#) provides a great active model for how unrestricted cash transfers offer families choice and control over their lives; we can do so much more through TANF to empower families to achieve better outcomes and greater economic security. In one notable recent example that shows how this type of approach can align well with evidence-based and proven programs, PFS task force member Nurse Family-Partnership collaborated with FII to [announce](#) a new initiative to provide direct cash transfers to over 4,000 families served by the NFP program.

## Use Administrative Tools and Executive Actions

Beyond the recommendations offered above, there are a number of additional “in the weeds” but vital steps the new administration can take via executive action or using existing department and agency level authorities, with no action necessary from Congress, to advance our collective ability to achieve equitable outcomes at all levels of government. In particular, the incoming Administration should:

**Revise OMB guidance for grants and agreements to encourage nonprofits and federal, state, and local governments to apply evidence- and outcome-based models to decision making to ensure that communities get the services that will work best for them, especially in times of crisis.**

- **Increase outcomes-focused TA.** Technical Assistance (TA) is widely used by federal agencies to assist states, localities, non-profits, and other grantees in implementing their programs. Consequently, TA has the potential to be a powerful tool for federal agencies to help their grantees achieve better outcomes. While there are some excellent examples of federal TA programs that have been purposefully designed to facilitate the use of data and evidence to guide program implementation and improvement, only a small proportion of the vast resources for federal TA are deployed to further outcome achievements using the key elements of the [outcomes focused government paradigm](#). To strengthen the impact of federal TA, federal agencies should be provided with guidance and support to modify their existing TA projects to focus more explicitly on outcomes improvement using all of the principles of the paradigm. In the short term, OMB and the Biden White House could facilitate much of this shift. In the longer term, it would be desirable to incorporate specific language into the authorizing legislation and/or appropriations bills for relevant agencies.
- **Issue OMB guidance to better achieve equitable outcomes and build evidence.** OMB should issue concrete guidance for agencies on incorporating an equitable outcome focus paradigm into their grant programs for state and local governmental entities. Standards should be developed that are applicable to formula grants and discretionary programs that would guide the content of all funding announcements. Guidance on TA should be issued to ensure that a substantial portion of federally funded TA is directed toward improving program outcomes. Evaluation requirements should be strengthened and tied directly to overall outcomes improvement plans. OMB should review agency plans/budgets against these standards. In March 2020, America Forward helped lead a “[Response to Uniform Guidance for Grants and Agreements](#),” submitted by a coalition of nonprofits and current and former executives from federal, state, and local government, with specific recommendations that should be included in OMB’s guidance.
- Develop a uniform, workable regulatory standard for “outcomes payments” across the federal government. Engaging SIPPPRA’s federal government-wide interagency council, the DOL officials charged with the implementation of the P4P provisions of WIOA, OMB, and other federal agencies with relevant equities, should come up with clear, user-friendly guidance that state and local entities can follow, and that addresses the challenges associated with “no-year” money that have been an issue for local workforce development boards developing WIOA outcome-contracts.
- Continue to promote the use of agency-wide waivers through administrative guidance and support. Waivers enable federal agencies to demonstrate, replicate, and scale innovative

interventions and can incorporate Pay for Success, evidence-building, and other outcomes-based implementation approaches. They could also be a tool to increase programmatic focus on equity and proximity. We suggest the application of such waiver authorities across a sampling of major federal programs, listed below.

- **Opportunity Youth, Job Corps, and other WIOA Programs.** WIOA includes broad waiver authority for promoting innovations, including outcomes-driven approaches to opportunity youth workforce development, adult workforce training, and piloting strategies to more effectively coordinate with other relevant federal programs to alleviate poverty, and give those with proximate lived experience a seat at the table and a greater voice in how programs are administered.
- **TANF and WIOA Concurrent Waivers.** Solicit state waiver requests for TANF-related (SSA Section 1115 Waiver) and WIOA adult training and job placement/retention programs, and encourage coordination across the Departments of Labor, Education and Health and Human Services to improve alignment and collaboration across these programs and make these waivers more attractive and more feasible to apply for and implement at the state level.
- **TANF Training/Education Waiver Initiative.** Use the SSA Sec. 1115 waiver authority to offer work participation requirement flexibility for TANF training/education providers, partial payments for participant persistence and skills attainment, and the balance of their full fixed payment if the Pay for Success participant is placed in a job whose wages are at least 10% greater than the participant's TANF benefit.
- **Senior Community Service Employment Program (SCSEP) Mature Worker Rapid Reemployment Initiative.** Use the Older Americans Act (OAA) Sec 502(e) waiver/demonstration authority for addressing the "new poor" older workers in the SCSEP program.
- **Continue and Expand Cross-Agency Demonstrations.** Numerous federal programs with similar goals and target populations are poorly coordinated and, in some cases, work at cross-purposes. Congress should continue the current authority, known as **Performance Partnership Pilots (P3)**, authorized primarily for disconnected youth and provided to the Departments of Labor, Health and Human Services, Education, and Justice, to learn from the first round of pilots and allow states, localities, regions, or federally-recognized Tribes to propose pooling a portion of discretionary funds they receive under multiple federal streams, as well as expand the authority to additional agencies and broaden the focus to populations of most need in local communities. This would allow states, localities, regions, and Tribes to test ways of improving outcomes for various populations by allowing communities to develop comprehensive strategies to achieve better results with federal investments through multiple programs. Allowing the use of Pay for Success Contracting would ensure that these pilots test not only the impact of overcoming statutory, regulatory, and administrative requirements that may impede effective program coordination, but also that they highlight the potential financial impact of coordinated investments in order to influence more permanent policy and funding changes across agencies.

- **Leverage waiver and transfer authorities together to maximize impact and pilot new equitable outcomes models.** Deploy a combination of waiver authorities, new grant guidance, and the executive ability to transfer up to 5 percent of a given account without Congressional action to pilot an executive version of Congressman Clyburn’s [10-20-30 plan](#), helping to drive the priorities laid out in President Biden’s [“Plan to Build Back Better by Advancing Racial Equity Across the American Economy”](#), and generally to re-channel federal funding to more effectively achieve equitable outcomes across the country. (Again, we see this initiative as optimally driven out of a new White House Office of Inclusive Impact & Innovation, as envisioned at the top of this platform).

### **Improve Data Access and Use Support Evaluations**

Access to both standard definitions of and resources to engage in measurement and evaluation of data are crucial to ensure social services are achieving impact and measurably improving people’s lives. Investments in and common practices around data and evaluation are needed to achieve this goal. Below are Administrative actions that would support this critical element of evidence-based policymaking.

- **Improve administrative data access, with strong privacy safeguards.** Providing efficient, no-cost access to cohort data (with strong protections for individual privacy) from federal and federally-funded administrative data stores when such data is needed to verify outcomes of PFS initiatives. Wage, employment, graduation, UI, and SNAP utilization data would be excellent places to start.
- **Amend Regulations and Access Protocols.** Subject to appropriate privacy protections, the Federal government should amend regulations and access protocols to permit federal, state, and local workforce and education agencies, state and local workforce boards, nonprofit workforce development organizations, employment social enterprises, and post-secondary institutions certified by the Department of Education for participation in Title IV of the HEA to have access to the National Directory of New Hires and to Unemployment Insurance Wage Records.
- **Allow for low-or no cost access to existing public sources of data (“administrative data”), subject to appropriate privacy protections.** Provide technical support and needed resources to states and localities looking to improve access to administrative data, and study the emerging science to identify a next-generation set of metrics to more completely evaluate the success of federal programs.
- **Transform processes for measuring employment outcomes in federally funded programs supporting economic mobility.** This includes employment and training, prisoner re-entry, AmeriCorps, substance use treatment, and subsidized housing. This collaboration would use academic data scientists and researchers who serve as IPAs in Treasury, HHS, DOL, and other key agencies to develop infrastructure and processes for linking program participant data with tax data held by IRS and potentially quarterly wage and employment data held by HHS’ National Directory of New Hires. The methodology would be modeled on the College Scorecard, which



links Education Department student aid data with IRS tax data to produce aggregated earnings by school and program of study. The new infrastructure and processes could be used to:

- **Produce “employment scorecards”** for education and training programs, providers, interventions, and jurisdictions to promote accountability and provide useful information to a broad range of decision-makers.
  - **Improve capacity to conduct low-cost, high quality RCTs** and follow-up studies of the long-term impact of interventions on employment outcomes.
  - **Create efficient infrastructure available to state and local jurisdictions and training providers** seeking to shift from activity-based accountability to outcome-focused accountability.
  - **Significantly reduce the burden and increase the accuracy of grant program performance reporting that often requires grantees** to either collect self-reported income and earnings from prior program participants or to use incomplete data from state employment systems.
  - **Enable grantees to take advantage of flexibility recently included in section 200.102 of OMB’s government-wide grant regulations**, which allow standard grant reporting requirements to be waived “in support of innovative program designs that apply a risk-based, data-driven framework to alleviate select compliance requirements and hold recipients accountable for good performance,” in part by building capacity to generate employment scorecards.
- **Provide additional federal resources to support nonprofits in administering evaluations, measuring outcomes, and building evidence.** Beyond all the above recommendations, this platform fully acknowledges the burden placed on many organizations, in particular nonprofits, working to recenter around PFS and evidence-based evaluations. Given these widespread challenges across the sector, the federal government should partner with additional funders to direct additional resources at scale to support technical assistance, data collection, and evaluation costs in order for evidence-building to be a truly scalable strategy.
  - Experimental, quasi-experimental, and other methods of rigorous casual evaluation, while often deeply important to the broader cause of evidence-building, are also costly, require a relatively long period of study, and place a meaningful burden on an organization’s staff and leadership. Nonprofits and social innovators almost always operate on tight budgets; redirecting funding within an organization toward evaluations often takes funding away from other important programmatic priorities.
  - In addition, not all evaluations are created equal. We need funding not just for traditional evaluations, but also for holistic evaluations that measure outcomes broken out by demographics, income, gender, and, in particular, race to ensure that programs are both meeting their goals and increasing equity. Achieving this goal starts with ensuring that statistically significant samples incorporate demographic measurements.

- Federal resources and funding streams should be aligned across education, workforce, human service, and health programs toward this critical end.

### Other Miscellaneous Proposals

- **Establish a new “CBO” for equitable outcomes.** Create a new independent entity to measure outcomes for public programs and report on racial, ethnic, gender, socio-economic, and other inequities within those outcomes, as the Congressional Budget Office (CBO) currently measures budgetary impacts.
- **Create a Community Solutions Tax Credit.** The Social Innovation Fund (SIF), though defunded in 2017, invested in evidence-based community solutions in 46 states and Washington, D.C. Private and local funders nearly tripled the federal investment, channeling over \$700 million to expand programs that work. These investments provided critical support to nearly 500 nonprofit organizations across the country—helping grow effective programs and develop innovative approaches to some of the most pressing challenges in economic opportunity, healthy futures, and youth development. The SIF grew into a social impact incubator within the federal government, creating public-private partnerships that delivered high-impact, community-based solutions. Building on this experience, a “community solutions tax credit” would further recognize the asset represented by private-sector funders across the country that have developed highly sophisticated systems for identifying promising solutions to community problems. **These funders would compete for the opportunity to issue a specific amount of tax credits to donors who support evidence-based high-impact initiatives.** The use of a tax credit offers greater potential for scale and sustainability, creates less bureaucracy, and puts the decisions for investment in the hands of experienced private-sector funders instead of the government.
- **Implement a Cross-Agency Research and Development Innovation Lab.** Modeled after the Defense Advanced Research Projects Agency (DARPA), and created through legislative action, a **Cross-Agency Research and Development Innovation Lab (CARD Lab)** would engage across sectors to seed early-stage innovation, identify promising solutions, and rapidly test new social service approaches. The mission of the CARD Lab would be to serve as a nurturing environment for creativity to cultivate solutions needed to address challenges in child welfare, criminal justice, education, health care, homelessness, workforce and job training, etc. Using special statutory hiring authorities and alternative contracting vehicles, the CARD Lab could identify, recruit, and support individuals who are experts in their fields, whether issue area-specific or related to data, evaluation, and statistical analysis, to work for periods of time on specific problems of interest or importance. Focus would be placed on evaluating the innovative solutions developed and ensuring a feedback loop to Congress and authorizing federal agencies to help inform and influence policy and programmatic decision-making.

### Additional Issue Area-Specific Proposals and Ongoing Initiatives

#### **Workforce Development, Economic Mobility, and Career Impact Bonds (CIBS)**

The Career Impact Bond (CIB) is a new education financing tool that expands access to high-quality career training for under-resourced and underserved populations. The CIB funds career-based education for high-demand industries and critical wraparound services (e.g., an emergency grant fund to cover

unexpected costs related to housing, food, and transportation) for unemployed or underemployed workers through student-first income share agreements (ISAs). Students repay program costs if, and only if, they obtain and maintain employment above a predefined income threshold. They also have access to student-friendly repayment features like payment caps, fixed repayment terms, and downside protection, all of which are outlined in a Student Bill of Rights.

One way to expand the use of CIBs is through a pay-it-forward fund structure, which blends public, private, and philanthropic dollars to create an initial funding pool for CIBs and other similar vehicles. After the first cohorts of students complete their training and enter the repayment phase, their payments replenish the fund and create a virtuous cycle for future cohorts of students. Since the pay-it-forward fund recycles payments, **a one-time investment from the federal government could catalyze years of funding for in-demand workforce training. The federal government could support this work through one or several of the following approaches:**

- Create a new vehicle at the Department of Labor (DOL), such as the Apprenticeship fund through the H-1B Visa Program, that would establish a new source of discretionary funds for DOL to disburse to states that wish to set up pay-it-forward funds.
- Establish a new funding allocation to the Workforce Innovation and Opportunity Act (WIOA) programs managed by DOL allowing states to use federal funds to support local pay-it-forward funds.
- Guarantee a portion of repayments for CIBs and other similar vehicles to ensure long-term fund sustainability.
- Create a federal incentive for this type of pay-it-forward fund structure through one of a number of other possible federal funding sources, including:
  - A tranche of funding in the new Equitable Employment Outcomes Fund proposed above in this platform, or one of the other economic mobility tiered evidence funds in this platform.
  - Career and Technical Education funding, including in particular Perkins V.
  - The Higher Education Act (HEA), to the extent viable during its reauthorization.
  - A blend of modest set-asides from across multiple relevant agencies, including HHS, DOL, HUD, Treasury, and Ed (the SIPBRA interagency council could be one vehicle to achieve this vision).

## **Child Welfare**

The [Family First Prevention Services Act](#) (FFPSA), enacted in 2018, included a number of dramatic changes to previous federal law in the child welfare system, including a number of powerful new incentives and stringent requirements aimed at shifting more federal funding into targeted community-based prevention, and imposing a number of fast-moving evidence standards on state and local human service agencies.

We applaud Congress for collaborating in a bipartisan manner to reform the child welfare system to make it more evidence-based and more outcomes-oriented. At the same time, it is clear, based on feedback from many of our Coalition partners, and from local stakeholders and partners across the country, that FFPSA has some important flaws that need to be addressed, and that its implementation has been anything but smooth. To some degree, FFPSA assumed both a level of rigorous evidence in the child welfare space that does not yet exist, and a profusion of interventions and programs at the highest level of evidence that has not yet fully materialized. Its evidence requirements were overly rigid and insufficiently adaptive. It created new mandates without funding the data-driven tools that states, local governments, providers and nonprofits need to shift resources into strategic prevention, build evidence, and effectively reduce unnecessary out-of-home placement, while ensuring vulnerable children and under-resourced families get the services and supports they need. For FFPSA to work, state and local human service agencies need more flexibility, more funding and more time.

We encourage the new administration to ensure the full potential of the Family First Prevention Services Act (FFPSA) is met – by not only making an array of proven programs available, but also maintaining a focus on upstream prevention programs — which should start before a family is brought into the child welfare system. This includes allowing FFPSA and Title IV programs to flow to interventions like Nurse-Family Partnership, which partners a first-time mom with a nurse early in her pregnancy to provide her with trusted advice and evidence-based parenting strategies, or with a range of other [whole-learner](#) approaches that young children need to succeed in school and in life. Finally, additional flexibilities for state and local agencies implementing the new legislation, a more adaptive approach, a more expansive definition of evidence-based, and both more resources and a longer-time horizon to build evidence are all needed for this approach to succeed.

### **Criminal and Juvenile Justice**

The United States has the highest incarceration rate in the world. To begin to tackle this endemic problem, the Biden administration should employ research-based programming that helps prevent incarceration and rehabilitates those who have or are interacting with the justice system to address the alarming fact that over half of all people who are released from prison commit another crime within three years. We need a reformed system of rehabilitation over retribution. Policies that could help reframe our criminal justice policies to fund what works include:

- Continue support for the **Second Chance Act Program**, which provides grants to establish and expand adult and juvenile offender reentry programs to reduce recidivism and help those exiting the justice system to rejoin their communities and lead productive lives, including **\$20 million for Pay for Success** projects to provide awards for supportive housing using performance-based metrics.
- Link key federal justice funding allocations and grant eligibility to a reduction in racial disproportionalities in the legal system and in incarceration rates, including through approaches laid out in Rep. Bobby Scott's (D-VA) proposed Safe Justice Act.
- Support states and local governments in using data-driven approaches to improve public safety, reduce corrections spending, and reinvest savings in effective strategies to decrease crime through continued funding of the Department of Justice's and Bureau of

#### Justice Assistance's **Justice Reinvestment Initiative**.

- Ensure the continuation of the Department of Housing and Urban Development and Department of Justice's **Permanent Support Housing Pay for Success Demonstration**, which is focused on providing communities with additional resources to prevent returns to homelessness and reduce recidivism among the reentry population.
- **Create a certification process** for existing non-profit recidivism reduction programs that have established through internal and external evaluations that they are evidence-based and effective at reducing and mitigating offender risk and recidivism. With this certification, these programs can receive recidivism reduction-specific funding that can be allocated based on a Pay for Success contracting approach.

#### **Health Care/Medicaid**

As the health care landscape continues to shift toward Value Based Payment models and investment in social determinants of health (such as housing and environment) which can improve outcomes and result in cost savings, evidence-based policies (including Pay for Success Contracting) can serve as valuable tools to align and further such efforts. The Centers for Medicare and Medicaid Services (CMS) could support this movement by issuing an informational bulletin highlighting evidence-based policies and practices, including Pay for Success Contracting and the multiple ways through which states can allow these mechanisms to assist in the transition to Value Based Payment models. Actions that could help reframe our health care system include:

- In addition to the Social Determinants Accelerator Act, enact Improving Social Determinants of Health Act of 2021 to reduce health inequities, and improve capacity of public health agencies and community organizations to address SDOHs.
- Incentivize [health system investment](#) in housing, especially in rural areas that need affordable housing, health care, and career centers.
- Our Task force member Social Finance has some additional recommendations along these lines that can be accessed [here](#).

#### **Higher Education**

The **Higher Education Act** is up for reauthorization, providing an opportunity for reforming our country's approach to post-secondary education in order to close the opportunity gap and help build a clear path to college and career success for all of today's students. As noted previously in this platform, we strongly support the passage of the bipartisan FINISH Act, and the creation of a new innovation and tiered evidence fund, as part of the HEA reauthorization process. To achieve these realities, federal policies must embrace innovation, promote competency, and reassert a focus on outcomes that reflect the needs of the full spectrum of individuals seeking a post-secondary degree or credential.

## Housing/Homelessness

In dozens of studies across the country over the last 20 years, supportive housing has been repeatedly proven to be an effective intervention that improves housing stability, reduces the use of expensive crisis care, and improves outcomes even for the most vulnerable individuals with complex needs. Some of the most successful and promising PFS projects in this country fund permanent supportive housing; results from those projects so far are extremely promising, and we are expecting some game-changing final results from these projects to be released in the coming years, which we hope will further energize this field and provide renewed momentum for directing federal resources to permanent supportive housing efforts at scale.

Many of the individuals and families whose outcomes can be improved through supportive housing are interacting with and incurring high costs across multiple systems of care, making it difficult to capture sufficient savings in one system alone to justify the costs of the intervention. There are a number of evidence-based policy approaches that offer the opportunity to take public resources that are currently being spent without achieving positive outcomes in care for our most vulnerable neighbors, and reinvest them in affordable housing and supportive services.

- Expand initiatives such as the Department of Housing and Urban Development and Department of Justice's **Permanent Support Housing Pay for Success Demonstration**, which is focused on providing communities with additional resources to prevent returns to homelessness and reduce recidivism among the reentry population. This program should continue to be supported, as well as other parallel policies that offer concrete opportunities for the federal government to partner with local communities to improve outcomes.
- Scale supportive housing to meet the need, developing in affordable areas in concert with infrastructure and community development projects to ensure access to services.
- Fund effective workforce development and employment-training programs, and support evidence-based employment social enterprises, as a strategy for providing a pathway to economic self-sufficiency for homeless individuals and families in deep poverty facing housing instability and food insecurity.

## Veterans

In the United States, there are roughly 22 million veterans and each day over 1,300 military veterans, spouses, and children transition out of the military. It is an unfortunate reality that a number of veterans report having difficulty transitioning to civilian life, and specifically, veterans between the ages of 18 and 34 experience unemployment rates higher than the civilian unemployment rates for the same age groups. Ensuring our veterans receive services that are of the highest quality should be central to decisions made about programs funded and interventions provided to them. To provide for a **more innovative and effective delivery of benefits and services to veterans**, legislation could:

- Support the use of **Pay for Success Contracting** in grants, contracts, or cooperative agreements awarded by the Secretary of Veterans Affairs.

- Authorize an **innovation fund** at the Department of Veterans Affairs that supports testing of new programs or that helps scale up evidence-based programs.
- Establish **demonstration pilots** that resource cost-effective strategies for the provision of services to veterans at the state, regional, or local level that involve two or more federal programs to improve the education, job training, and employment outcomes for veterans.
- **Pass Senator Todd Young’s (R-IN) Volunteers Improving Social Isolation and Loneliness Together Act (VISIT Act)**, which, introduced in 2020, creates a new \$50 million pay-for-results pilot program at the Department of Veterans Affairs to improve outcomes for veterans, members of the Armed Forces on active duty, and their family members at risk of social isolation and loneliness. Of particular note, the legislation adopts a “two-step” approach, first releasing funding for a round of projects to build more evidence in this space, and then making funding available for PFS projects with compelling evidence based on this first round of pilot projects.

## **Appendix A: Definitions**

**Pay for Success (PFS):** A policy approach to catalyze systems change by making better outcomes for people, families and communities central to public funding. PFS emphasizes innovation, prevention, accurate data, and “PFS contracting,” which makes payments in part or entirely based on measurable outcomes.

**Pay for Success (PFS) Financing:** A tool that provides service providers — often nonprofits that have been chronically underfunded, such as workforce development and early childhood organizations — with the upfront resources they need to operate services in a Pay for Success contract. When government engages service providers in PFS contracts, services are delivered before outcomes are achieved and paid for, which creates a working capital need. Additionally, service providers may not have the wherewithal to absorb the risk of underperformance and the resulting decrease in funding. Impact investors (which may include philanthropic organizations) are able to take on that risk; they are repaid based on the outcomes achieved — which means that the service provider typically does not assume financial risk during the PFS contract period. If contractually-set outcome metrics are exceeded, the provider is well positioned to share in the upside and secure a larger contract in subsequent years. If outcomes are not met, the service provider may risk non-renewal of that contract along with reputational risk. PFS Financing is typically structured as a flexible, mission-driven loan that allows providers to offer high-quality programs and achieve better outcomes in communities.

## **Appendix B: Pay for Success Examples**

There are a number of examples of Pay for Success Contracting and Pay for Success Financing in use across the United States. PFS financing can empower communities to confront that status quo. As one example, [numerous studies](#) show that chronically homeless Americans cycle frequently through emergency rooms and jails, while the underlying problem of housing instability remains unaddressed. Evaluations show that permanent supportive housing can reduce the time in jail for this population by [more than 38 percent](#) and decrease avoidable hospital visits by [up to 70 percent](#). Communities in Massachusetts, California, Colorado, Ohio, Utah and Alaska have [successfully leveraged PFS financing](#) to move thousands of chronically homeless Americans off the streets and into stable housing, supported by additional services.

Pay for Success Financing has also been a powerful tool in the expansion of high-quality pre-K in Utah, Chicago, and, most recently, Tennessee. The City of Memphis and Shelby County entered into a [PFS contract](#) with local early childhood providers to operate almost 50 classrooms with 1,000 pre-K seats. The City and County make payments based on outcomes that are a priority for the community, which include pre-K skills growth and kindergarten readiness. The [Community Outcomes Fund at Maycomb Capital](#) and the Urban Child Institute provided the upfront outcomes financing. Currently in its second year, the deep collaboration between the project partners ensured that the project was resilient enough to weather and even expand during COVID-19. During the course of the COVID-19 outbreak, the partners have come together to determine what success looks like for students and families while most students are learning from home. Those conversations have not only resulted in important modifications to the outcomes sought in this year of the project, but also surfaced the importance of parts of the program that otherwise might not have been emphasized, for example the importance of family service workers engagement with families. This partnership has enabled the local community to open and sustain more high-quality pre-K learning while simultaneously shifting the risk of underperformance to the private funders.

Given the misconception that PFS depends on leveraging investor capital, it’s worth emphasizing that,



increasingly, PFS often doesn't involve external financing. In Santa Clara County, California, for example, the Telecare Corporation provides behavioral health supports and additional services to residents experiencing serious mental illnesses. [Through a PFS contract](#), the county agrees to make conditional outcome payments to this provider if an independent evaluator finds that the people Telecare Corporation serves are healthier, lead more stable and happy lives, and require fewer trips to emergency rooms, inpatient psychiatric facilities, or jail over a six-year time period.

On a larger scale, Washington's Department of Children, Youth, and Families [initiated an agency-wide shift](#) to base its more than 1,000 contracts for child and family services on outcomes and improved quality standards. The agency is emphasizing performance improvement, recognizing that outcomes-oriented contracting is not merely an accountability mechanism, but also an opportunity to fundamentally change how public resources contribute to better client, contractor, and ultimately community outcomes. Separately, Connecticut's Office of Early Childhood [pays bonus payments](#) to home-visiting providers that serve families who subsequently benefit from improved birth, health, child safety, and economic security outcomes. None of these recently launched PFS efforts [has external investors](#). In each case, the provider has skin in the game and good incentives, with some financial upside if the families they serve are safer and healthier. And in each case, by linking public dollars to better results—whether improved mental health or birth outcomes—the PFS approach is disrupting an unacceptable status quo and bettering lives.