



# Social Innovation Policy to Advance Equitable Outcomes

## **Introduction**

Across policy domains – from early learning to affordable housing to workforce development – policymakers must prioritize investments in innovative, effective, and equitable strategies. Every day, social entrepreneurs work to create, test, hone, and expand creative solutions to address stubborn inequities and improve outcomes for individuals, families, and communities across the country. Too often, however, these innovators lack the sustained, well-crafted support necessary to refine and scale the most effective solutions and to adapt them to a diverse range of populations and contexts.

Policymakers should embrace a range of strategies and solutions to accelerate the use and expansion of innovative, equitable, evidence-based practices that enable people to access the support and services they need to thrive. To develop and scale high-quality practices, social innovation organizations require sustained investment that is well-coordinated across funding sources. Policymakers should also expand support for outcomes-focused practices, including innovative, proven tools such as performance-based contracting. And across the board, we must invest in the capacity that governments and social innovation organizations need to achieve transformative results. Moving forward, we urge policymakers to focus on four areas related to social innovation:

- 1) Support Innovation and Development of New Approaches
- 2) Scale What Works
- 3) Expand Outcomes-Focused Practices
- 4) Build Capacity to Support Innovation

## **1) Support Innovation and Development of New Approaches**

We believe it is essential to strengthen support for innovation and the development of new approaches for social programs. Today, despite significant progress over the past decade and a half, there remains too little sustained, direct investment in the creation of innovative programs and practices with the potential to improve outcomes and address structural inequities. For example, while the United States spends more than \$600 billion on K-12 education per year, historically only about 0.1 percent of those funds are used to support education research.<sup>1</sup> As a recent Government Accountability Office report found, about 94 percent of federal research and development funding – about \$180 billion as of fiscal year 2021 – occurs in science and health agencies, while R&D spending in areas like education and housing accounts for only \$11 billion per year. In addition to increasing overall investment, we must build on lessons learned to craft and implement new ways of supporting innovation and elevating the expertise of communities and social entrepreneurs.

As a start, we must direct more dollars to intentional and equitable innovation, including:

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<sup>1</sup> <https://www.educationnext.org/making-evidence-locally-education-research-every-student-succeeds-act/>

- **Creating new funding structures to invest in the creation and development of innovative programs.** These include proposals like the groundbreaking Expanding Pathways to Employment Act, Workforce Development Innovation Fund, and RESET for America’s Future Act – proposals championed by the America Forward Coalition to support early-stage innovation and evidence-building in education, workforce development, and health and human services. We also strongly support efforts to leverage broader funding streams to support this work, such as AmeriCorps’ recent investment in the development of evidence-based programs through the agency’s State and National program.
- **Substantially increase investment in existing evidence funds with innovation components.** These vital programs include, among others, the Education Innovation and Research (EIR) program; the Perkins Innovation and Modernization Program; Postsecondary Student Success Grants; and the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program.
- **Invest in research and development.** We strongly support expanded direct investments in research and development to build evidence of effectiveness and demonstrate the feasibility of scaling effective interventions. We support investments in a range of approaches, including both qualitative and quantitative work; pilots, feasibility studies, and implementation research, as well as rigorous causal studies; and both rapid-cycle evaluations and long-term impact analyses. In particular, we encourage agencies to make sure the research they fund considers diverse populations – such as examining subgroup effects by race/ethnicity, gender, age.
- **Set aside funds for research and development.** In addition to direct funding, we support statutory provisions enabling agencies, such as the Departments of Education and Labor, to set aside a percentage of funding to support research and development that enables program improvement. Agencies should direct investments in alignment with a learning agenda designed with input from stakeholders, including social innovation organizations and proximate leaders. Finally, when agencies receive set-aside authority, we strongly recommend that agencies actually make use of that authority – and that Congress consider setting a minimum bar for agencies’ use of set-asides for research.

We call for policymakers to implement solutions that empower innovation led by a broad range of social entrepreneurs, particularly [proximate leaders](#) with direct experience in the communities their organizations serve. These social entrepreneurs have the potential to leverage unique perspectives from their communities – whether working with communities of color or in diverse geographies, such as rural areas – to develop innovative, effective program models. These entrepreneurs have historically received far less support, and we must invest in and elevate their efforts, which have the potential to inform more responsive models that accelerate progress on a range of social goals, from education to health. Moving forward, policymakers should:

- **Invest in earlier-stage research and learning.** Programs should support formative innovation and learning that empowers social entrepreneurs to develop and refine groundbreaking programs while developing organizational capacity, including through pilots, feasibility studies, and rapid-cycle evaluations. Moreover, agencies should be sure to support qualitative and descriptive research that builds our understanding of context and opportunities – through engagement with proximate leaders and individuals with lived experience – in order to create

and hone the most effective strategies. Too often, evidence funds have only supported causal evaluations, including randomized controlled trials and quasi-experimental design studies; while causal research is invaluable, we are missing major opportunities to build up earlier-stage programs for which such efforts are likely premature.

- **Support partner matchmaking.** Connecting with potential partners, including evaluators or other partners like financing intermediaries, is often too difficult for social innovation organizations – with substantial equity considerations given disparities in access to such relationships and capital. Agencies should learn from examples like the Investing in Innovation (i3) program’s matchmaking portal, which helped applicants find potential partners and funders, and the U.S. Agency for International Development’s Development Innovation Ventures program, which helps facilitate connections between applicants and evaluators.
- **Innovate in the grantmaking process.** Agencies should test and adopt reforms to the grantmaking process that leverage external, proximate expertise; help identify the most promising interventions; address challenges in a range of local contexts, including designating a portion of dollars for organizations proximate to communities most in need, akin to the original aims of the Social Innovation Fund (SIF); and, where possible, engage intermediaries that offer unique experience and trusted relationships to innovative organizations, building on lessons from SIF.
- **Provide effective technical assistance (TA) to providers.** Agencies must provide effective and responsive TA throughout the grant process. This TA should include support for organizational capacity building, as well as evaluation TA that reflects organizations’ own learning agendas, interests, complexities, and scope.

In addition, we want to emphasize the importance of supporting continued learning and adaptation for organizations at every stage of maturity, whether to refine a core program or to adapt practices to new settings and new populations. Policies should not only support innovation at the early stages, but also encourage organizations to continue to learn and adapt. Measures to support continued learning include:

- **Encourage adaptation.** Using evidence funds, agencies should actively encourage and support more mature organizations to adapt proven models to serve new populations and in new settings, as well as with differing levels of intensity and cost. It is a measure of success when organizations go “down” a tier to test a new adaptation of a model demonstrated as effective.
- **Ongoing TA and support.** Social innovation organizations are deeply interested in and seek out opportunities to engage in ongoing dialogue with their peers. The end of an evidence fund grant should not be the end of an agency’s engagement with and support for organizations. Agencies should actively engage alumni in ongoing communities of practice to support earlier-stage organizations and continue to learn and build.

## **2) Scaling What Works**

Along with expanding support for the development of new, innovative program models, policymakers must expand investment in those programs that are proven effective. Across areas of social policy, from

K-12 education to housing, our progress is too slow. Adopting proven strategies, delivered with fidelity and adapted to local contexts, is an obvious starting point to expand the impact of government investments and leverage the potential of social entrepreneurship.

First, we believe it is essential to make direct, dedicated investments in evidence-based programs to enable them to scale up. Direct funding can enable organizations to make intentional, systemic choices as they deliver services at a greater scale, as well as provide complementary support for ongoing capacity-building and improvement:

- **Invest in funding structures to support scaling and continued refinement of proven models.** Policymakers must invest in and bolster the existing evidence funds – proven to be essential for identifying and expanding proven practices across the nation – including the EIR program; the Perkins Innovation and Modernization Program; Postsecondary Student Success Grants; the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program; and the Family First Prevention Services Act. In addition, we call for new funding structures such as the Expanding Pathways to Employment Act, Workforce Development Innovation Fund, and RESET for America’s Future Act proposals, to both develop innovative programs and scale and refine proven models.
- **TA to providers.** Agencies should provide dedicated capacity-building TA and resources to organizations as they scale up services, recognizing that organizations also face complex questions around their growth models and structures as they expand their scope.

Second, policymakers should incorporate provisions into existing funding streams to incentivize and support investment in proven approaches. This is necessary both to maximize the outcome of these dollars and to take full advantage of direct investments in evidence-based models by providing a longer-term path to scale. Moving forward, policymakers should:

- **Sustain and strengthen existing incentives for states and local governments to redirect dollars to proven approaches.** An array of incentives already in law include the Every Student Succeeds Act’s evidence-based school improvement provisions and the Re-employment Services and Eligibility Assessment Grants (RESEA) funding reserved for evidence-based uses.
- **Create direct funding streams for proven approaches.** Across policy domains, policymakers should create new direct grants for approaches that are strongly supported by evidence but receive relatively little dedicated support; for instance, sectoral employment programs and supportive housing.
- **Capacity-building support.** To ensure equity and support implementation, the federal government should provide sufficient and effective capacity-building support to state and local governments, including high-quality external technical assistance and support for internal capacity-building, such as hiring research, data, and program staff. This will enable states and local communities to assess and take advantage of potential evidence-based options, especially to address infrastructure and access barriers, such as scaling programs in rural areas.

Third, we call for policymakers to invest in innovative financing structures to drive dollars to effective strategies, particularly those that offer the potential to leverage existing resources to dramatically improve outcomes among the most under-resourced communities. Our priorities include:

- **Ensure effective implementation of the landmark \$100 million Social Impact Partnerships to Pay for Results Act (SIPPRA) pay-for-success demonstrated fund housed at the Treasury Department.** SIPPRA’s passage in the Bipartisan Budget Act of 2018 was a watershed victory for the pay-for-success movement and the organizations that make up the America Forward Coalition. Moving forward, we also call for policymakers to advance an expanded SIPPRA program building on lessons learned from the current demonstration.
- **Expand support for outcomes-based funding streams and opportunities across federal programs.** We should build on lessons learned from a decade of innovative demonstrations, including the U.S. Department of Housing and Urban Development/U.S. Department of Justice Permanent Supportive Housing Pay for Success Demonstration, the Workforce Innovation Fund, and the Social Innovation Fund’s Pay for Success competitions.
- **Revise how government accounts for the long-term costs and benefits of evidence-based programs.** Today, scoring models such as the Congressional Budget Office’s framework do not sufficiently account for the anticipated long-term benefits of investments in effective social programs. While we do not believe cost-neutrality is an appropriate goal for spending, we are leaving impact on the table by not expanding investment in proven models.

### **3) Expanding Outcomes-Focused Practices**

We believe governments should take intentional steps to ensure their policies and funding allocations focus not only on inputs and outputs, but emphasize *outcomes* – and particularly address gaping racial and socio-economic disparities. Too often, governments revert to a status quo that fails to maximize the potential of their dollars and capacity. More and more, however, government agencies across the country are partnering with social innovation organizations with proximity to communities to implement more effective, intentional strategies – often described as pay-for-success practices – to prioritize the outcomes that matter most.

First, we call on policymakers to support the expansion of performance-based contracting methods that leverage government funding to improve outcomes – with a focus on equity – and empower state and local agencies, social innovation organizations, and other third-party providers. As a starting point, we call on policymakers to set clear frameworks for such practices in federal law:

- **Formally authorize new performance-based contracting authorities across policy domains.** While state and local governments are generally able to leverage performance-based contracting under existing law, formal authorization that offers governments certainty is essential to dramatically expanding the adoption of these practices. The America Forward Coalition has played an integral role in establishing such authorities in programs including the Workforce Innovation and Opportunity Act (WIOA) in 2014; the Perkins Act in 2015; and the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) and Social Impact Partnerships to Pay for Results Act (SIPPRA) programs in 2018.

- **Clarify key provisions.** Alongside core definitions, policymakers must address key questions that enable states and localities to operationalize performance-based contracting practices and dispel uncertainty. Legislators and regulators should make it crystal clear that states and localities may use performance-based contracts to pay for longer-term outcomes occurring past the typical one-to-three-year spending window for grants, providing incentives for sustained long-term results, and that governments have the ability to reallocate funding for contract goals that are not met. Similarly, policymakers should define key terms such as “performance rate cards”, which set common standards and processes to benchmark costs.

In addition, we call for policymakers to institute affirmative incentives and supports to accelerate the adoption of outcomes-focused practices. As a 2019 [Stanford Social Innovation Review article](#) co-authored by America Forward stated, we define pay-for-success 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.” We propose to:

- **Provide incentives, not deterrents, for adoption of outcomes-focused practices.** Policymakers should incorporate provisions to support and encourage governments to use outcomes-focused practices, such as offering bonus dollars and enhanced matching provisions. The RESET for America’s Future Act, for example, would offer additional funding to states that leverage performance-based contracting, evidence-based practices, or rigorous evaluation to improve outcomes among SNAP Employment and Training (E&T) programs. And policymakers should not add unnecessary restrictions on the innovative governments striving to use these practices: while the 2014 WIOA reauthorization included a landmark provision allowing the use of performance-based contracting for longer-term outcomes, the many administrative barriers – including the need for a feasibility study, independent validation of data, and the inability to layer a performance component on top of a traditional contracting structure – have seriously complicated and limited implementation in the field.
- **Offer outcomes-focused TA.** Shifting to adopt practices such as performance-based contracting requires both a cultural shift within governments and intensive, individualized support that is well-worth the investment. Federal agencies should partner with social innovation organizations to offer States and localities effective TA to adopt outcomes-focused strategies, such as the use of performance-based contracting, enhanced data sharing, and coordinated service delivery; identifying evidence-based strategies relevant to their local context; and supporting innovation and evidence-building.
- **Create a federal office for outcomes-focused practices.** Too often, federal agencies have each tried to reinvent the wheel in the adoption of methods like performance-based contracting, as opposed to leveraging a systematic, aligned federal approach. The federal government should provide for coordinated support for the use of outcomes-focused practices across federal, state, and local agencies, along with providing permanent, central federal leadership to champion and coordinate implementation. This office could, for example, support federal agencies in implementing performance-based contracting provisions; offer a centralized repository of model outcomes-focused contracts; coordinate data linkages that are often essential to measuring outcomes for performance-based contracting; and convene regular conversations

between federal policymakers, state and local agencies, and social innovation organizations and practitioners.

#### **4) Building Capacity to Support Innovation**

As a foundation for social innovation, we need to invest more deeply in the organizations, people, and processes that ultimately make innovative, results-driven, equitable strategies possible.

First, we call on policymakers to invest in efforts that break down barriers and expand capacity across the social innovation sector. These investments are essential to strengthening the organizations that deliver and develop services across policy domains and ultimately enable transformational improvements. We recommend:

- **Improve grants and contracting processes.** Agencies should conduct broad outreach to share information on funding opportunities, ensure application materials are easily accessible, and provide direct support wherever possible. America Forward’s recent work with a Peer Learning and Action Community of workforce organizations led by predominantly BIPOC proximate leaders identified that, too often, grants and contracting processes are difficult to access for new potential grantees – and especially proximate organizations with limited experience in such processes. We propose an interagency effort, building on the Biden Administration’s equity plans and its existing customer service initiative, to simplify and expand access to procurement and grants processes across agencies moving forward.
- **Invest in capacity.** We strongly support sustaining and expanding an array of efforts that bolster social innovation organizations’ staff capacity and engage an array of individuals in this effort – above and beyond the capacity-building and TA efforts we discuss above. These include increasing the number of national service participants, including AmeriCorps, to respond to greater needs; increasing service living allowances to ensure all Americans can serve regardless of their financial circumstances; and increasing the Federal Work Study community service set-aside from 7 to 24 percent. These participants’ engagement is essential to supporting the delivery of effective, outcomes-focused services across the social sector.

Second, social innovation organizations, as well as state and local governments across the nation, have embraced the use of administrative data to strengthen performance management, enable evaluation and improvement, and provide for new transparency and public accountability to drive stronger, more equitable outcomes. However, it remains far too difficult for stakeholders to access such data in a fair, open, and streamlined way. We strongly support efforts to broaden secure, privacy-protecting administrative data linkages and effective use, including:

- **Clarify authority and responsibility for federal linkages.** While the landmark 2018 Foundation for Evidence-Based Policymaking Act has helped smooth the path for interagency, cross-governmental, and public-private data linkages, in practice it remains too difficult and dependent on individual leaders’ buy-in – while questions about legal authority continue to trip up creative solutions. We support legislation across policy domains to clarify agencies’ authority and make it not just an optional responsibility, but a requirement, to facilitate federal data linkages through privacy-protecting, secure systems.

- **Strengthen federal data linkage support.** We also call for policymakers to build interagency capacity to streamline the process by which states, localities, and non-governmental organizations can arrange and participate in such linkages. For example, we support efforts to build on initial work to create interagency capacity through the Federal Interagency Council on Social Impact Partnerships, created as part of the Social Impact Partnerships to Pay for Results Act (SIPPRA), and to facilitate accessible paths to participation for social innovation organizations and governments. We support efforts to effectively implement and build on the National Secure Data Service pilot funded by the CHIPS and Science Act of 2022.
- **Expand support for administrative data capacity and use.** We strongly support expanded investments in administrative data capacity and infrastructure, such as the State Longitudinal Data Systems and Workforce Data Quality Initiative grant programs. We also support the federal Advisory Committee on Data for Evidence Building’s proposal to create a new block grant for state, territorial, local, and tribal funding to support cross-program data infrastructure improvements and data modernization. Agencies should partner with social innovation organizations to ensure data is easily accessible in standardized formats, to support performance improvement and monitoring, and that infrastructure and standards are built with input from these organizations. Agencies should also be charged with collecting and reporting on disaggregated performance data in all programs they administer in order to ensure program activities are meaningfully advancing outcomes for all populations.

Third, we call for federal policymakers to better leverage existing flexibilities in law to support outcomes-focused activities and to create new opportunities for demonstration programs and other innovative uses of government funding. Despite progress, agencies’ implementation remains too often focused on compliance alone, instead of the actual outcomes achieved from grants programs. Agencies must shift from a basic compliance mindset to one that emphasizes better results, including supporting states, localities, and social innovation organizations in using dollars in more creative, effective ways:

- **Prioritize leveraging waivers for improvement purposes.** Under current law, agencies have an array of waivers available to them to support innovative activities, but they have not sufficiently leveraged this waiver authority. Across agencies, an existing regulatory authority already allows agencies to “request exceptions 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.”<sup>2</sup> We encourage federal policymakers to partner with states, localities, and social innovation organizations to test transformative new programs and policies.
- **Build on lessons about cross-program flexibilities.** Congress and agencies should build on efforts such as the Performance Partnerships Pilots, which provided flexibility for states, localities, and innovation organizations to cut down on red tape to better coordinate across federal funding streams to serve opportunity youth. While the pilots facilitated an array of promising models, the final implementation study emphasized the importance of stronger TA,

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<sup>2</sup> 2 CFR 200.102(d).



intentional planning time, and accessible data sharing and performance metrics to enable more robust, effective initiatives moving forward.<sup>3</sup>

- **Strengthen cross-agency rules and guidance.** The Office of Management and Budget (OMB) should lead cross-agency efforts to emphasize a focus on outcomes, not simply compliance. OMB should also issue guidance for agencies on incorporating an equitable outcome focus paradigm into their grant programs for state and local governmental entities. The America Forward Coalition has led a response to OMB's Uniform Guidance for Grants and Agreements, submitted by a coalition of nonprofits and current and former executives from federal, state, and local governments, with specific recommendations.<sup>4</sup>

Finally, we call for new investments in government capacity that support innovation and results while holding agencies accountable for implementation. Too often we have seen Congress pass transformative programs and new policies, but capacity challenges have hamstrung implementation at the federal, state, and local levels. Moreover, there are major missed opportunities to engage new leaders, especially proximate leaders and other social entrepreneurs, to strengthen policymaking by leveraging lessons from deep community engagement. We call for policymakers to institute such reforms as:

- **Engaging proximate leaders and social entrepreneurs in the policymaking process.** Across the board, we strongly recommend that agencies expand their engagement of proximate leaders and social entrepreneurs, whether through advisory groups, listening sessions, or on-staff. For example, the America Forward Coalition has proposed a plan to engage mid-career systems change fellows in the federal government, drawing from the expertise of these proven leaders.<sup>5</sup>
- **Building interagency and intergovernmental capacity.** We strongly support efforts to implement the Evidence Act of 2018, a major achievement that has strengthened the capacity of federal agencies to measure and improve programs' outcomes while facilitating culture change across government. Moving forward, we support recent bipartisan efforts to establish a second Commission on Evidence-Based Policymaking that would incorporate evidence-based decision-making in the lawmaking process. We also support new investments in capacity across all levels of government, including the Social Determinants Accelerator Act, which would help break down barriers in coordination between health and social services programs.
- **Leveraging inspector general reviews.** As a backstop, we encourage Congress to require automatic Inspector General reviews for agencies that miss deadlines to implement innovative programs. There have been, unfortunately, too many instances in which agencies have failed for several years to make serious progress on implementing groundbreaking policies passed by Congress, threatening to undercut the potential of these reforms.

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<sup>3</sup> Stanczyk et al (2020), *Performance Partnership Pilots for Disconnected Youth (P3): Implementation Study Findings of Pilots' Experiences*, prepared for the U.S. Department of Labor, <https://www.dol.gov/sites/dolgov/files/OASP/evaluation/pdf/P3%20Final%20Implementation%20Report.pdf>.

<sup>4</sup> Available at <https://drive.google.com/file/d/1hmvVsMYIOYaZ6Ry5ZuOyIwLnNjymMth/view>.

<sup>5</sup> Available at [https://drive.google.com/file/d/1-E\\_JTiGGF-tlkvsn4MjrYcsu7PZPNKi/view](https://drive.google.com/file/d/1-E_JTiGGF-tlkvsn4MjrYcsu7PZPNKi/view).

- **White House leadership in outcomes-driven policy.** Building on the breakthrough work of the Obama Administration’s White House Office of Social Innovation and Civic Participation, we call for the creation of a [new White House Office of Inclusive Impact & Innovation](#). We propose that a Chief Inclusive Impact & Innovation Officer reporting directly to the President would lead this Office, which would have the authority to both help set budgetary priorities through the Office of Management and Budget (OMB) and convene and direct policy through the White House Domestic Policy Council (DPC) and National Economic Council (NEC).
- **Improve the federal agency hiring process.** The current hiring process for federal agencies is slow, ineffective, and inequitable. It is far too difficult for agencies to hire staff, and particularly for those policy, programmatic, and technical positions that require expertise in innovation and would benefit from proximate experience. We call for federal policymakers to engage in a comprehensive overhaul of the process and express our support for changes such as the skills-based hiring reforms initiative adopted by the Office of Personnel Management in 2022.<sup>6</sup>

## **Conclusion**

Across the federal policy landscape, there are innumerable opportunities to identify and advance more innovative, effective, and equitable solutions to the pressing challenges facing our communities. To achieve the greatest positive impact for the most people possible, it’s essential for federal policymakers to create strong frameworks that support innovation, scale what works, focus on outcomes, and increase organizational capacity. We look forward to working alongside our Coalition members, partners, and policymakers to make this vision a reality.

## **About America Forward**

America Forward is the Washington, D.C.-based nonpartisan policy initiative of New Profit, a pioneering national venture philanthropy organization that invests in a portfolio of breakthrough social entrepreneurs and systems-change initiatives, catalyzes and builds their impact, and transforms how government and philanthropy pursue social change to ensure that all people can thrive.

America Forward leads a Coalition of more than 100 social innovation organizations across the country. Every day, these organizations are working in 15,000 communities nationwide, impacting more than 9 million lives every year. Together, America Forward Coalition members advocate for public policies that foster innovation, identify effective solutions, reward results, catalyze cross-sector partnerships, and advance equity in workforce development, education, early childhood, and poverty alleviation. Since 2007, our Coalition organizations have successfully advocated for lasting policy change; leveraged \$1.7 billion for social innovation; and driven millions of federal resources toward programs that are achieving measurable results for those who need them most.

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<sup>6</sup> <https://www.opm.gov/news/releases/2022/05/release-opm-releases-skills-based-hiring-guidance/>