

# **Pay for Success:**

## **A Primer for Social Innovators**

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*Featuring reports from:*

- The New York Times*
  - Social Finance*
  - The Urban Institute*
  - & More...*
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*“Pay for Success’ offers a new way for government to ensure effective programs reach traditionally and currently underserved communities. The hope is that Pay for Success will help us find better ways to get Americans the supports and services they need – whether it is access to housing, workforce development, college completion or support for youth aging out of foster care.”*

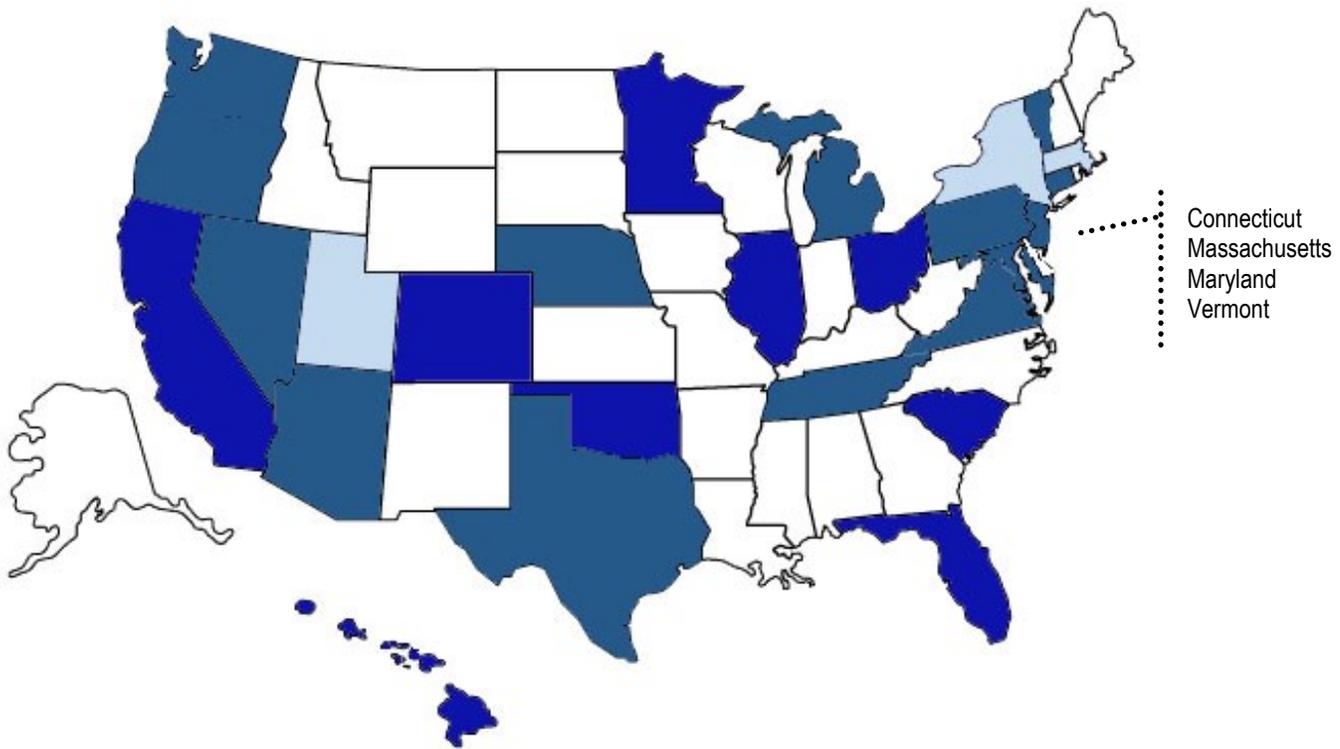
**Cecilia Muñoz and Robert Gordon, January 24, 2012**

# What is Pay for Success?

Pay for Success (PFS) is a Presidential priority that offers new ways to support social sector innovation by driving better results and more effectively using government resources. As an innovative financing model, Pay for Success leverages philanthropic and private dollars to fund services up front, with the government paying after results are generated. Unlike programs structured around processes rather than measurable results, Pay for Success provides greater flexibility for state, local and tribal governments to implement evidence-based solutions that carefully test promising innovations and scale programs that work.

# Where is Pay for Success Happening?

States and local municipalities that have initiated or executed PFS projects. Includes initial discussions, exploratory action, work underway to design and implement, and PFS transactions.



**CITIES/COUNTIES:**

Chicago  
 Cuyahoga County (OH)  
 Dallas  
 Denver

Fresno  
 Memphis  
 Newark  
 New York City

Philadelphia  
 Pima County (AZ)  
 Salt Lake City  
 Washington, D.C.

 Developing PFS/SIB project

 Initiated exploration of PFS/SIB

 Launched SIB project

*Map details courtesy of Social Finance as of September 2014.*

# Pay for Success at the Social Innovation Fund

As part of the 2014 Congressional appropriations, the Social Innovation Fund (SIF) was given authority to use up to 20 percent of 2014 grant funds to implement a competition to test Pay for Success approaches. Congress wanted an agency to do an honest, impartial experiment about Pay for Success as a solution and to learn more about where it works, where it doesn't and what lessons can be learned along the way.

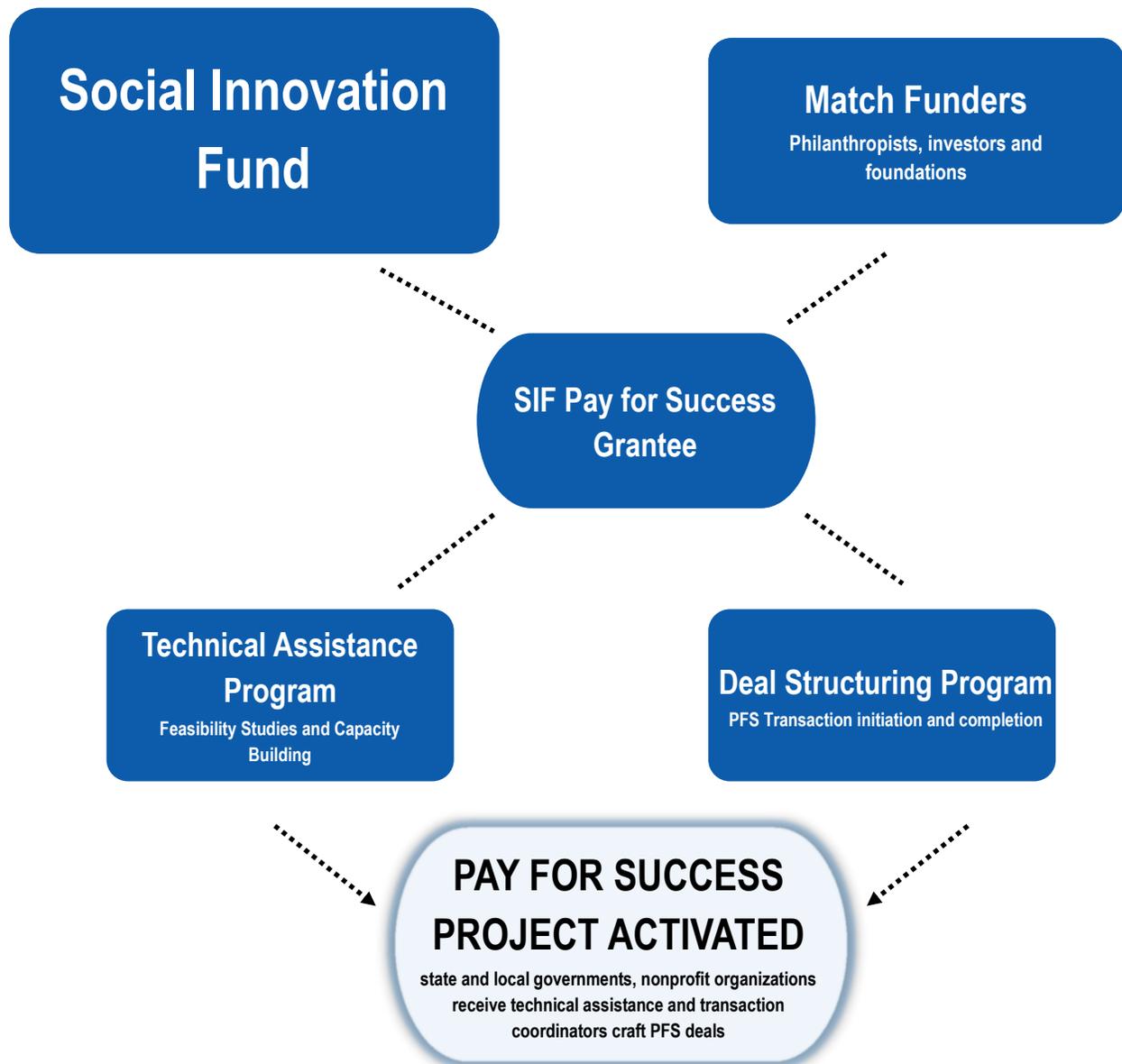
At its core, the SIF is about finding solutions that work and making them work for more people. PFS is another critical tool with the same mission – supporting innovation, ensuring solutions have the dollars needed to scale, and paying for results. PFS is an exciting tool to attract further capital to effective, evidence-based solutions.

PFS grantees are funding activities that advance PFS projects and transactions in the near term, in order to enhance the reach and impact of innovative community-based solutions in low-income communities. Eight organizations were selected to receive funding for up to three years through an open and transparent competition.

## **The 2014 SIF PFS Competition awarded grants to the following organizations:**

- ⇒ *Corporation for Supportive Housing*
- ⇒ *Green & Healthy Homes Initiative*
- ⇒ *Harvard Kennedy School Social Impact Bond Lab*
- ⇒ *Institute For Child Success, Inc.*
- ⇒ *National Council on Crime and Delinquency*
- ⇒ *Nonprofit Finance Fund*
- ⇒ *Third Sector Capital Partners, Inc.*
- ⇒ *University of Utah David Eccles School of Business PFS Lab*

# Pay for Success at the Social Innovation Fund



# Pay for Success Resources

- ⇒ [“Getting Back More Than a Warm Feeling”](#) *The New York Times*. November 2012.
- ⇒ [“How social impact bonds put private profit ahead of public good”](#) *PBS News Hour—Making Sense*. February 2014
- ⇒ [“How Pay-for-Success Funding Might Help Low-Income Students”](#) *The Chronicle of Higher Education*. October 2014.
- ⇒ [“Is Your Organization Ready for Pay for Success?”](#) Third Sector Capital Partners, Inc. 2013
- ⇒ [“Social Finance: A Primer”](#) Understanding Innovation Funds, Impact Bonds and Impact Investing.” Center for American Progress. November 2013
- ⇒ [“Social Impact Bonds: Phantom of the Nonprofit Sector”](#) *Nonprofit Quarterly*. July 2014
- ⇒ [“SSIR: Assessing Nonprofit Risk in PFS Deals”](#) *Stanford Social Innovation Review*. July 2014
- ⇒ [“Winning Social Innovation Fund Applications Suggest Substantial Growth Ahead for Pay-for-Success Funding”](#) Social Innovation Research Center. November 2014
- ⇒ [“With a Few Pay-for-Success Plans Under Way, the Idea Is Gaining Currency and Criticism”](#) *The Chronicle of Philanthropy*. July 2014

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NATIONAL &  
COMMUNITY  
SERVICE 

Social  
Innovation  
Fund

To learn more about the Social Innovation Fund, its Pay For Success grantees and to read the full version of the enclosed reports, visit [nationalservice.gov/SIF](http://nationalservice.gov/SIF).

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