Pay for Success

A Federal Perspective

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What is Pay for Success?

• Innovative way for the government to partner with philanthropic and private investors to fund proven and promising practices.

• Investors provide the up-front capital for social services with a strong evidence base that, when successful, achieve measurable outcomes that improve the lives of families and individuals and reduce their need for future services.

• Government pays when these measurable results are achieved.
Why the Interest?

• Part of Administration’s Evidence and Innovation Agenda to improve program performance by applying existing evidence about what works, generating new knowledge, and using experimentation and innovation to get better results.

• Potential to unlock new sources of capital to meet pressing social needs.

• Focus on outcomes, rigorous measurement, and return on investment.
Where Can PFS be Applied?

- Criminal Justice and Reentry
- Supportive Housing
- Health
-Disconnected Youth
- Workforce Development
- Early Childhood Education
- Environment
- International Development
- Traffic Safety
## PFS in the President’s Budget

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Agency</th>
<th>Funding (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive Fund</td>
<td>Department of the Treasury</td>
<td>$300</td>
</tr>
<tr>
<td>Workforce Innovation Fund</td>
<td>Departments of Labor and Education</td>
<td>$10</td>
</tr>
<tr>
<td>Investing in Innovation (i3)</td>
<td>Department of Education</td>
<td>$10</td>
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<tr>
<td>Fund for the Improvement of Education</td>
<td>Department of Education</td>
<td>$8</td>
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<tr>
<td>Career and Technical Education</td>
<td>Department of Education</td>
<td>$10</td>
</tr>
<tr>
<td>Second Chance Act (Supportive Housing and Offender Re-entry)</td>
<td>Department of Justice</td>
<td>$30</td>
</tr>
<tr>
<td>Social Innovation Fund</td>
<td>Corporation for National and Community Service</td>
<td>$14</td>
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<tr>
<td>Project-Based Rental Assistance</td>
<td>Department of Housing and Urban Development</td>
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</tr>
<tr>
<td>Total</td>
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<td>$382</td>
</tr>
</tbody>
</table>
PFS Incentive Fund

- $300 million administered by Treasury
- Addresses key needs in market today:
  - Lack of Investor Experience to Price Risk
  - Wrong Pockets
  - Technical Assistance
- Available to State, local, tribal, and non-governmental intermediaries
- Focus on using and building evidence