DANA Conference Follow-up Questions: Answers from Social Finance

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Are you able to provide any examples of pay for success in the arts and culture area?

None that we know of, but that doesn't mean it couldn't be done! Social Finance primarily works on projects involving economic mobility, children and families, education, health, homelessness and housing, and public safety and reentry. Nonetheless, we think the principles of Pay for Success are broadly applicable across issue areas – they can be carried out in any area where a government or other funding entity seeks to more closely tie funding to clear, measurable outcomes.

For the Children & Families First initiative – how much money will the government be saving if this works?

While precise savings to government are hard to calculate, past research has estimated that the Nurse-Family Partnership model can deliver more than $25,000 in savings to state and federal government entities per mom served.

Although New Castle County may ultimately save money through its investment in home visiting, cost savings were not the primary project impetus. Through this project, partners were most focused on how limited resources could be more effectively deployed to serve the county's families in ways that are meaningful and measurable.

Under the Pay for Success agreement in New Castle County, the government is only on the hook for outcomes payments if outcomes are achieved. And when the government does make payments, its dollars are stretched further thanks to the partnership with Longwood Foundation; Longwood has agreed to pass 40% of all outcomes payments back to Children & Families First to serve more families.

If Government is not willing to pay for an outcome, what are the other options for paying back for successful outcomes?

Entities making payments may include private impact investors, philanthropic funders, and government funders. For instance, in one of the outcomes-based contracts we developed in Texas, a local philanthropic partner paid for successful achievement of outcomes. In our $50 million UP Fund, we use private capital to invest in workforce training for un- and under-employed people, with funding tied to post training placement in secure quality jobs.

How do you get the Government to buy into developmental evaluation instead of summative evaluation?

We encourage all of our partners (government and non-governmental) to use data to drive decision making, learning, and impact. We do this in part by selecting outcome and process metrics that can help us appropriately define and measure success, but also by creating processes for monitoring progress against those outcomes and using that data to improve or enhance program implementation.

These results and processes are then codified in the outcomes-based contracts that are developed and endorsed by all project partners–including the government.

The Pay for Success project in New Castle County uses data to inform learning and potential strategic shifts over the course of program implementation in a way that can be characterized as developmental. Specifically, we prioritized data that is easy to track and can be measured and used in short timeframes (i.e., key measurements that could be realized throughout an 18-month period beginning with program enrollment). Since federal ARPA funds being used for the project are time-limited, we selected this criteria to align our evaluation plan with government funding priorities.

You can read more about our performance management processes, as well as the considerations and steps we take in selecting evaluation methods through our Pay for Success Issue Brief series (specifically Issue Briefs 6 and 9).