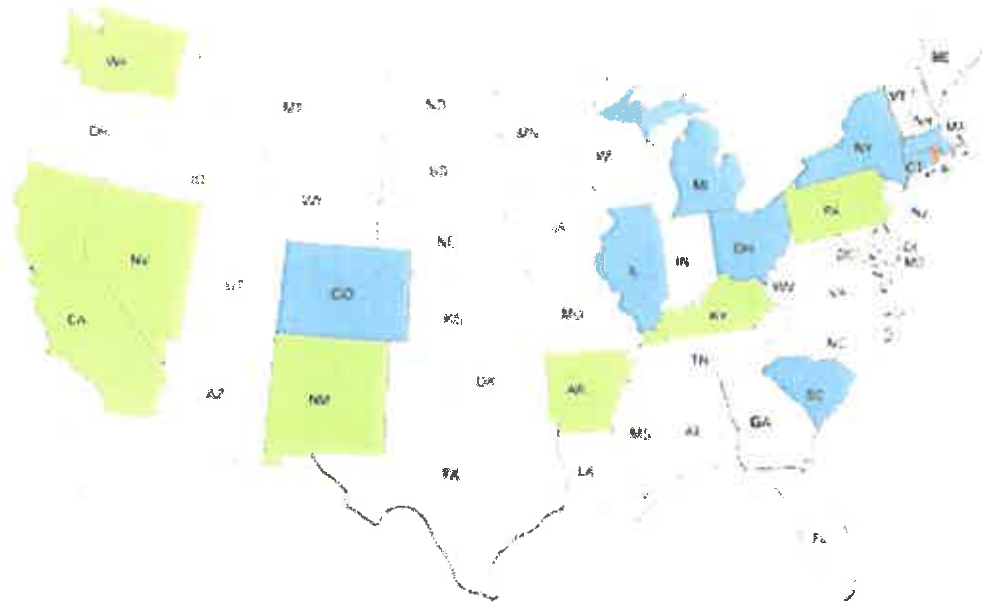


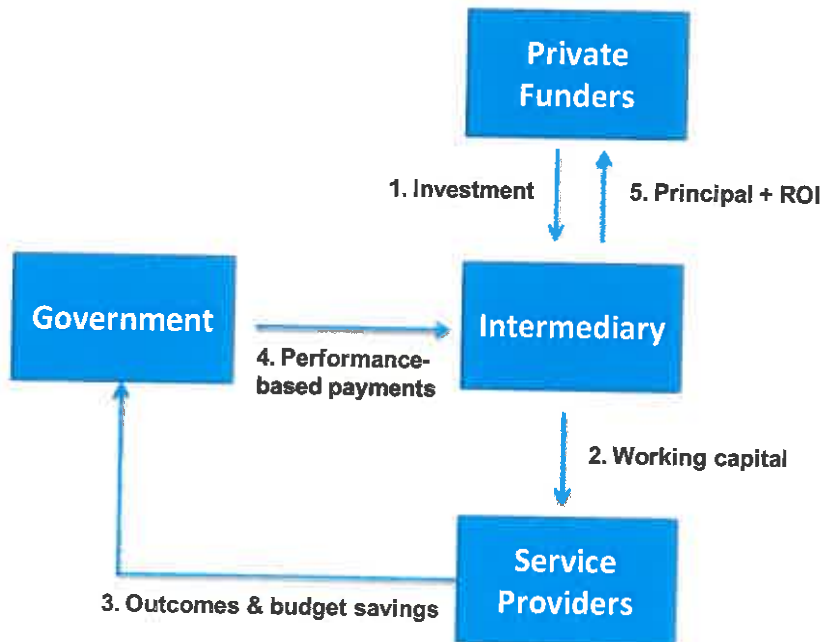
Activity of the Harvard Kennedy School SIB Lab

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Pay for Success Model



Our Technical Assistance

1. Government Innovation Fellows on the ground.
2. Technical assistance from senior staff in Cambridge.
3. Additional resources to support data analysis.
4. A network of innovators in governments around the country.

We work exclusively pro bono and exclusively on the government side of projects.

PFS Contracts Currently Operational in the U.S.:

Recidivism

New York City
New York State*
Massachusetts*

Pre-K

Utah
Chicago*

Homelessness

Massachusetts*
Cuyahoga

- SIB Lab projects.

PFS Projects Being Developed by SIB Lab Partners:

Homelessness

Denver

Early Childhood

South Carolina
New York State
Michigan

Addiction

Connecticut

High Risk Youth

Illinois
New York State

Adult Basic Education

Massachusetts

Other

Michigan
Colorado

New Partners

Arkansas
Pennsylvania
Nevada
District of Columbia
San Francisco
Washington State
Baltimore

Pay for Success Contracts and Social Impact Bonds

Harvard Kennedy School SIB Lab

June 29, 2015

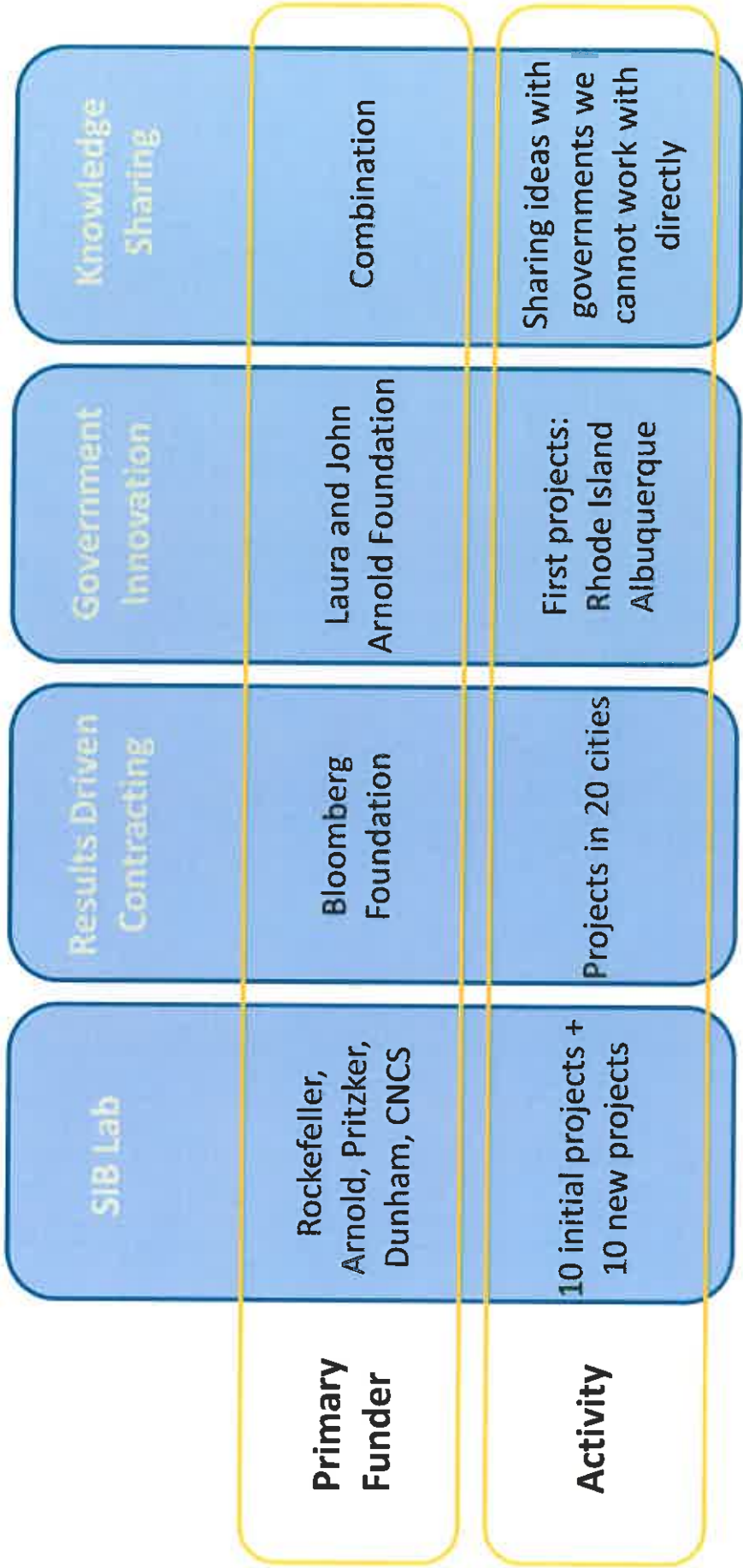
Our Team

Dan Edelman, Arkansas Government Innovation Fellow
Ryan Gillette, Assistant Director (now SF based, led our earlier engagements in MA and Chicago).
Jeffrey Liebman, Harvard Professor of Public Policy and SIB Lab director.

Criminal Justice Technical Advisers

Kendra Bradner, HKS Program in Criminal Justice Policy and Management
Bruce Western, Harvard Professor of Sociology

Harvard Kennedy School Government Performance Lab



Our Model of Technical Assistance

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Pay for Success Model

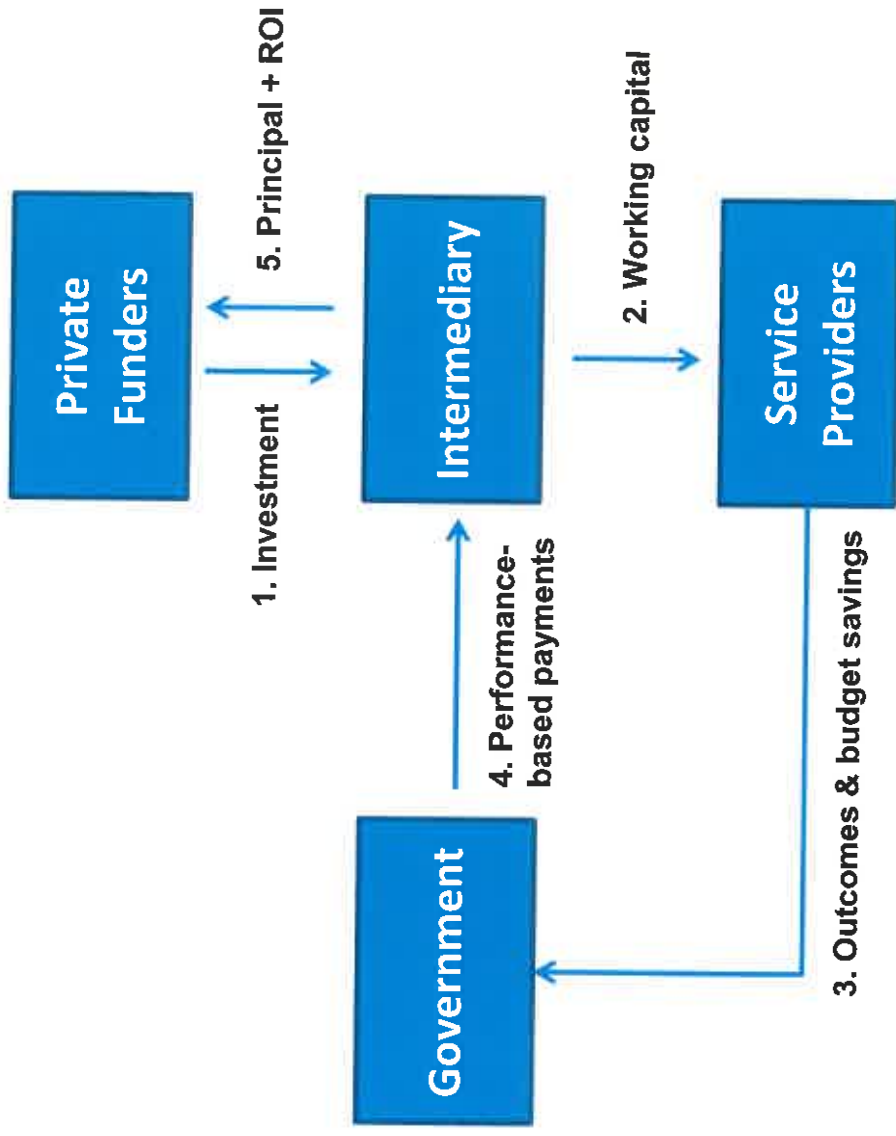
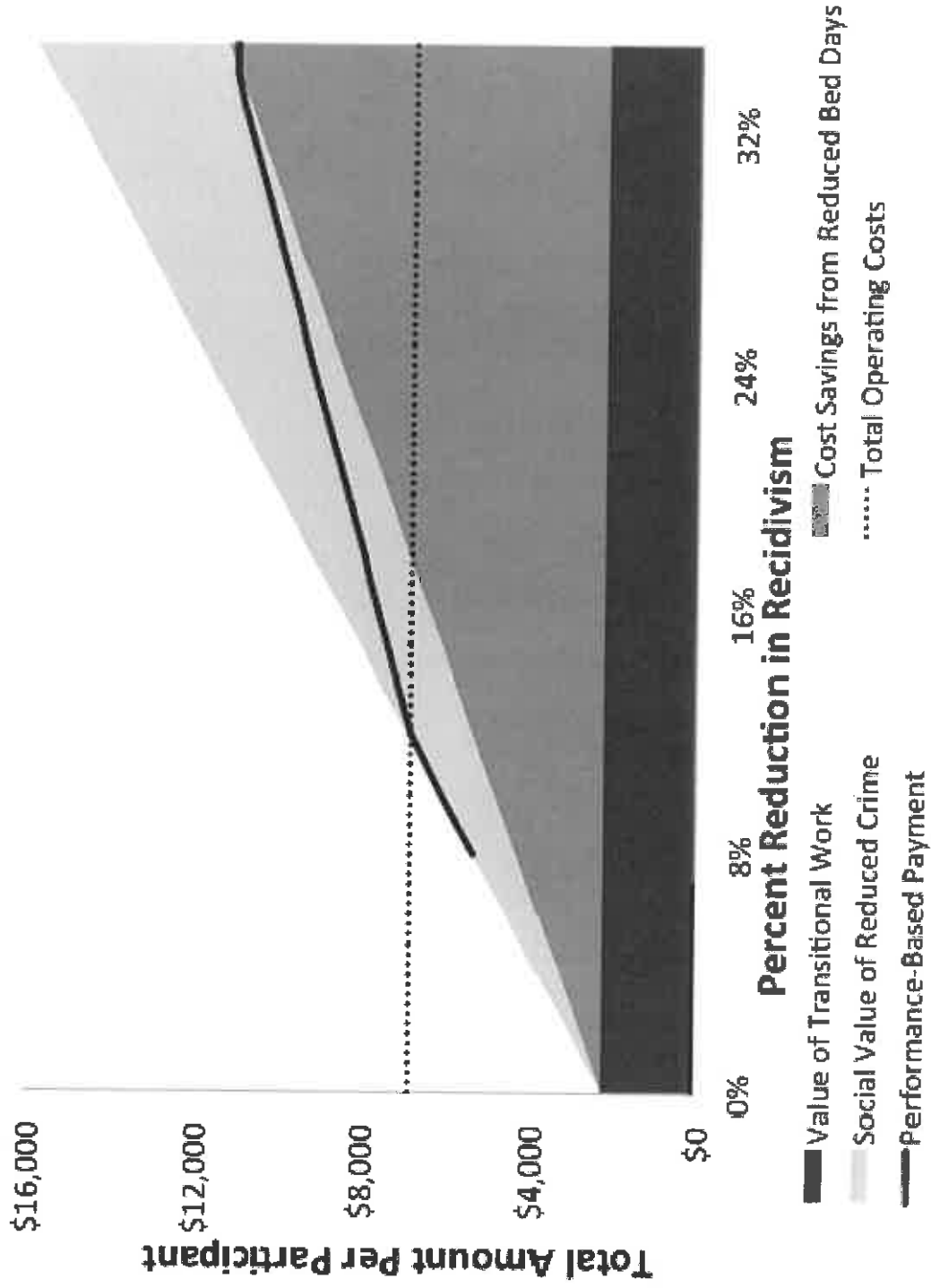


Figure 3. Illustrative Public Sector Savings and Benefits and Performance-based Payment at Various Levels of Performance



Motivation for Using this New Funding Tool

1. We often have no idea whether our existing social service spending is effective.
2. Given fiscal constraints, it is very hard to invest in prevention.
3. We are not making rapid enough progress in solving social problems.
 - We need better approaches for collaborating with service providers to reengineer systems to produce better results.
 - We don't measure outcomes regularly enough to produce ongoing learning about what works.
 - We still lack proven solutions for early childhood, recidivism, job training, etc.
 - No systematic way for government to scale up successful innovations.
 - Budget silos discourage investments in one agency that produce savings for another.

Criteria for Successful Application of this Approach

Essential Requirements

1. An area that is a top priority for the Administration
2. A potential for a broader impact.
 - Scaling up the particular intervention
 - Reforming earmarked spending areas
 - Creating performance data systems
 - Contributing to the broader performance agenda
3. Agency leadership that is enthusiastic about the project.

Given the intensive time and energy required to implement each pay for success contract, these projects are worth pursuing only when there is significant potential for broader impact.

Additional Requirements

1. A potential for high net benefits – otherwise the numbers won't work.
2. Measurable outcomes.
3. A well-defined treatment population (to prevent cream-skimming).
4. A reliable comparison group or counterfactual.
5. Safeguards against harming the treatment population.

This tool works better for supplemental services than for core operations (you would not want to fund the core operations of a prison or a charter school with this, because failure to achieve performance targets could lead the providers to cease operations).

Coming Up with Ideas for Projects

- Are there places in your area of expertise where there is underinvestment in prevention?
- Are there promising programs that are currently under-funded or ready for scaling-up?
- Has your area experienced penny-wise but pound-foolish budget cuts?
- Are there important programs that get substantial funding but where there are serious concerns about performance?
- Where would an outcomes-focused collaboration with service providers lead to needed systems reengineering?
- Are there promising programs or providers in other jurisdictions that we should try to bring to our city, county, or state?
- Do we have any proven programs with a long waitlist?

For more information



<http://siblab.hks.harvard.edu/>