

# Pay for Success: Leveraging Public-Private Partnerships for Sustainable Impact

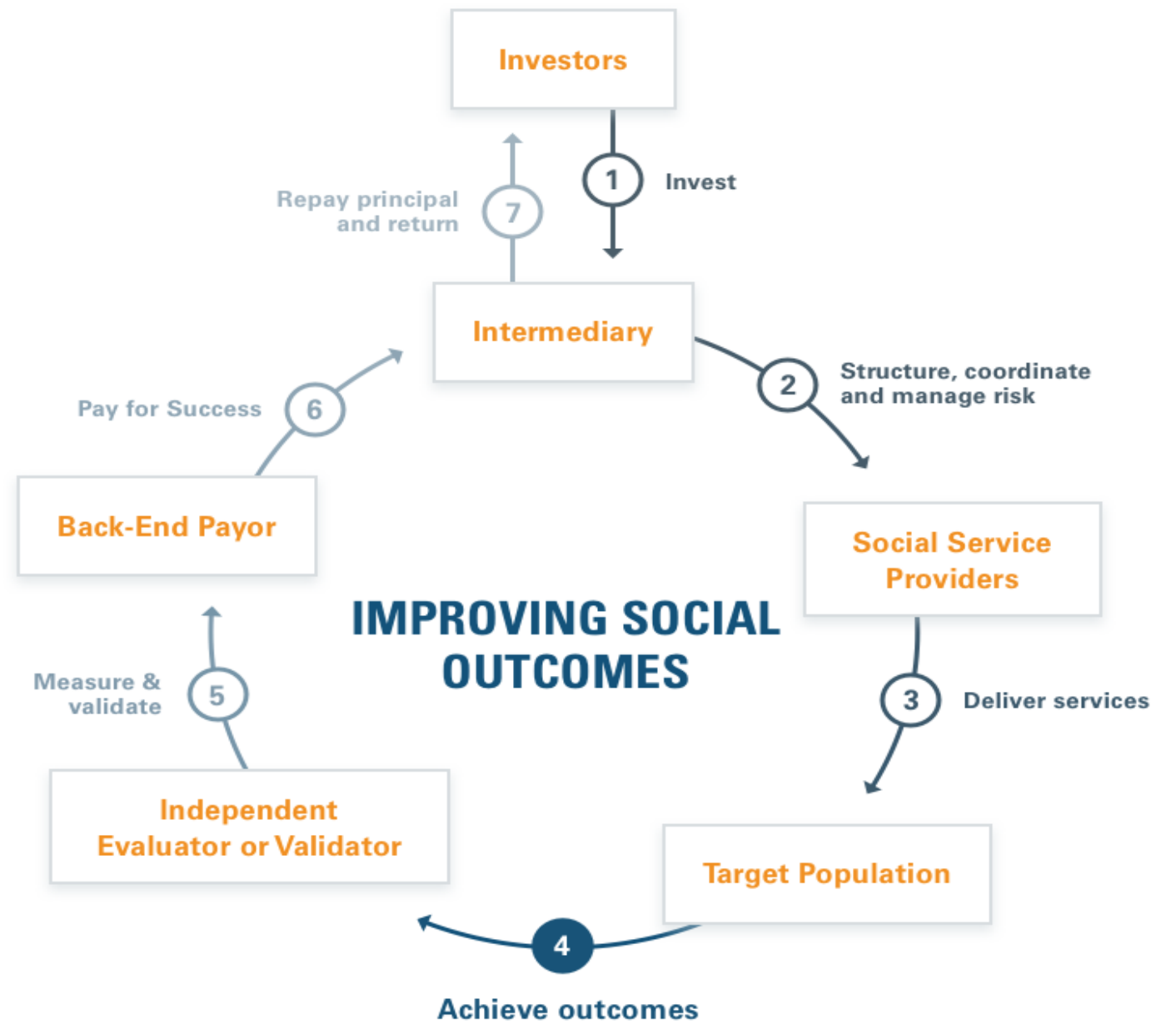


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# What is Pay for Success?

- Pay for Success (PFS), aka Social Impact Bonds, compared to other types of contracting, e.g., performance or outcome-based contracting
- Public-private model
  - Private investor(s) assume the risk and government only pays if desired outcomes are achieved
  - Service providers receive upfront, private funding to implement evidence-based or promising interventions expected to: 1) improve outcomes; and, 2) result in cost avoidance thus reducing spending of taxpayer dollars
  - If pre-defined outcomes are achieved, government repays the investors based on cost avoided
- Other types of structures and success payors are possible

# How Does It Work?



Source: Nonprofit Finance Fund at [nff.org](http://nff.org).

# Current Landscape

- Worldwide
  - Estimates of 100–150 projects
- Nationally
  - At least 26 executed contracts in the US\*
  - Common focus areas: criminal justice, education, early childhood, health, environment, homelessness, workforce.
  - Social Impact Partnerships to Pay for Results Act (SIPPRA)
- Oklahoma
  - 2 executed contracts
    - Women in Recovery (Tulsa)
    - Intensive Safety Services (Oklahoma County)
    - More in the works
  - Pay for Success Innovation Fund

\*Source: Nonprofit Finance Fund at [nff.org](http://nff.org).

# Challenges and Considerations

- Structural factors
  - Capacity of service providers
  - Data availability
  - Multi-year projects
  - Shift in thinking about procurement
  - Cross-agency goals
  - Evidence-based or promising interventions versus new innovations
  - Individual projects versus outcome rate cards
- Process factors
  - Trust and equity among partners
  - Cross-sector dialogue
  - Agreement on success metrics and thresholds
  - Flexibility
  - Long-term commitment

# Concluding Thoughts

- Accountability for outcomes
- Philanthropy assumes risk
- Ability to focus more on prevention and early intervention
- Sustainability of what works
- Dollars reinvested in multiple interventions
- Process is beneficial regardless of final structure

# Discussion



Thank You

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