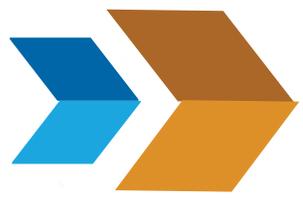


Pay-for-Success Interim Study

October 14, 2020

John Budd
COO, State of Oklahoma





Potential Benefits of Pay-for-Success

- Reduce risk of innovation in government services
- Involve broader set of bright minds to engage on issues
- Expand collaboration amongst partners with aligned interests
- Create opportunities to try multiple potential solutions for problems



How Program Works Today

Agency-Led (To the Extent This Occurs)

PFS Innovation Fund: Legislature- designated funding at OMES

Initiated

- Agency director and/or program leaders

- Women-in-Recovery in process, other programs via application to OMES

Accountability:

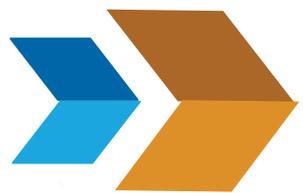
- Normal agency processes for evaluation and oversight
 - Some question as to whether 3rd party evaluation is required

- 3rd party evaluator, OMES process

Funding:

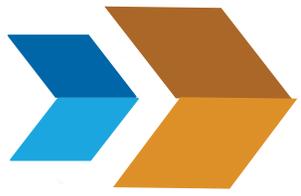
- Current appropriations funding and/or matching private philanthropy

- Line item by legislature



Challenges With Current System

- Current dedicated funding pool limited
- Agency employees don't have strong incentives to innovate
- Desired successful “outcomes” are often poorly defined
- Outside partners:
 - Aren't always aware of agency priorities
 - May pitch solutions to problems that are not the most pressing ones we face



Potential Elements of an Improved PFS Program

- Expanded funding pool with appropriate oversight
 - Would need to define what oversight body looks like
- Public recognition of agency employees and outside partners for successful innovation
- Improved rigor in defining success metrics
- Consideration of “outcome-based contracting”
 - Paying more for better results
- Up-front sharing of agency priorities with external partners to:
 - Unlock creativity on real problems
 - Enhance alignment and collaboration
 - Create a better “marketplace of ideas”

