

# Snapshot of Pay for Success Scorecard



Lessons from the Vanguard of the Outcomes Movement

The James Irvine Foundation

The US needs new approaches to address our most severe social problems—poor health outcomes coupled with soaring health costs, inequities in education, wage stagnation, lack of affordable housing, and a costly and future-limiting prison system. If we hope to meet growing needs with limited resources, we must change how we plan, purchase, and fund social services. Most current funding systems incentivize a short-term focus on “outputs.” For example, a shelter is typically funded based on the number of beds filled each night (output), rather than the number of people who transition to permanent housing (outcome). Pay for Success (PFS) is a contracting approach that drives financial resources toward social programs that deliver results by tying payment to achievement of measurable outcomes. As such, PFS is at the vanguard of a shift toward outcomes in the social sector, and California’s experience mirrors the nation more broadly. In 2014, The James Irvine Foundation and Nonprofit Finance Fund (NFF) announced the California Pay for Success Initiative (the CA PFS Initiative), a \$5.6-million effort to support the exploration of PFS that resulted in the five projects launched or near launch and the development of many others in the Golden State. Drawing from NFF’s [Pay for Success Scorecard](#), below are learnings and recommendations for how to accelerate social sector transformation.

## Hopes for PFS: Overview

	Moderate Progress	Significant Progress
Increased Outcomes Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Improved Cross-Sector Collaboration	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Strengthening Evaluation of Social Services	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Efficiency Gains in PFS Project Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attraction of New Capital	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Snapshot of Hopes & Assessment

#### Pursuit of PFS under the Initiative has catalyzed movement toward several hallmarks of an outcomes-oriented sector:

**Increased outcomes orientation:** PFS exploration accelerated a systemic shift toward outcomes by connecting funding to results in the social sector in CA and beyond.

**Improved cross-sector collaboration:** PFS exploration helped break down silos and spark exciting new partnerships across sectors between government agencies, service providers, and funders.

**Strengthening evaluation of social services:** PFS project development fostered better alignment around the use of data to measure program success, improved stakeholders’ understanding of appropriate evaluation methods, and increased project partners’ ability to articulate the value of results while considering the full costs of delivering outcomes.

**Efficiency gains in PFS project development:** Project partners experienced efficiency gains in developing outcomes-oriented projects, including greater uniformity around project models and contract templates.

**Attraction of new capital:** Initiative projects leveraged capital from traditionally mission-oriented funders such as foundations, community development financial institutions (CDFIs), as well a healthcare company, corporations and new state and federal funds. Integrating new capital into collaborations between governments, service providers and philanthropic funders remains a space for continued exploration.

**These are the actions NFF believes are needed to drive positive social change:**

**Continued investment in outcomes infrastructure and capacity:** Philanthropy, government, and corporate social responsibility efforts can equip service providers with the resources to learn about, measure, and achieve results. Flexible investments that enhance data collection and analysis, and that support change management, will build the foundation for the social sector to produce improved outcomes for our communities.

**Articulating and funding the full cost of outcomes:** Service providers need strong management teams, impact measurement capabilities, sufficient working capital, and operating reserves to effectively produce results, continually adapt, and thrive. Continued advocacy and action for full cost funding will allow service providers, intermediaries, evaluators, funders, and stakeholders to focus on what it takes to deliver meaningful and measurable positive outcomes.

**Strengthening collaborative muscle:** Governments and service providers should seek out opportunities to develop outcomes-oriented projects (beyond PFS approaches) and in the process, co-define measures of outcomes, negotiate full cost funding, test program designs, gather feedback, and course correct. As this collaborative capability grows, the focus on outcomes can expand to a wider range of social issues, geographies, and people.

**Fostering a culture of risk-taking and learning:** To bring to life an outcomes-based system that produces better results, the social sector must be supported to take on the risks inherent in PFS and other outcomes-based approaches, and to “fail-forward” to learn how to affect real change for communities.

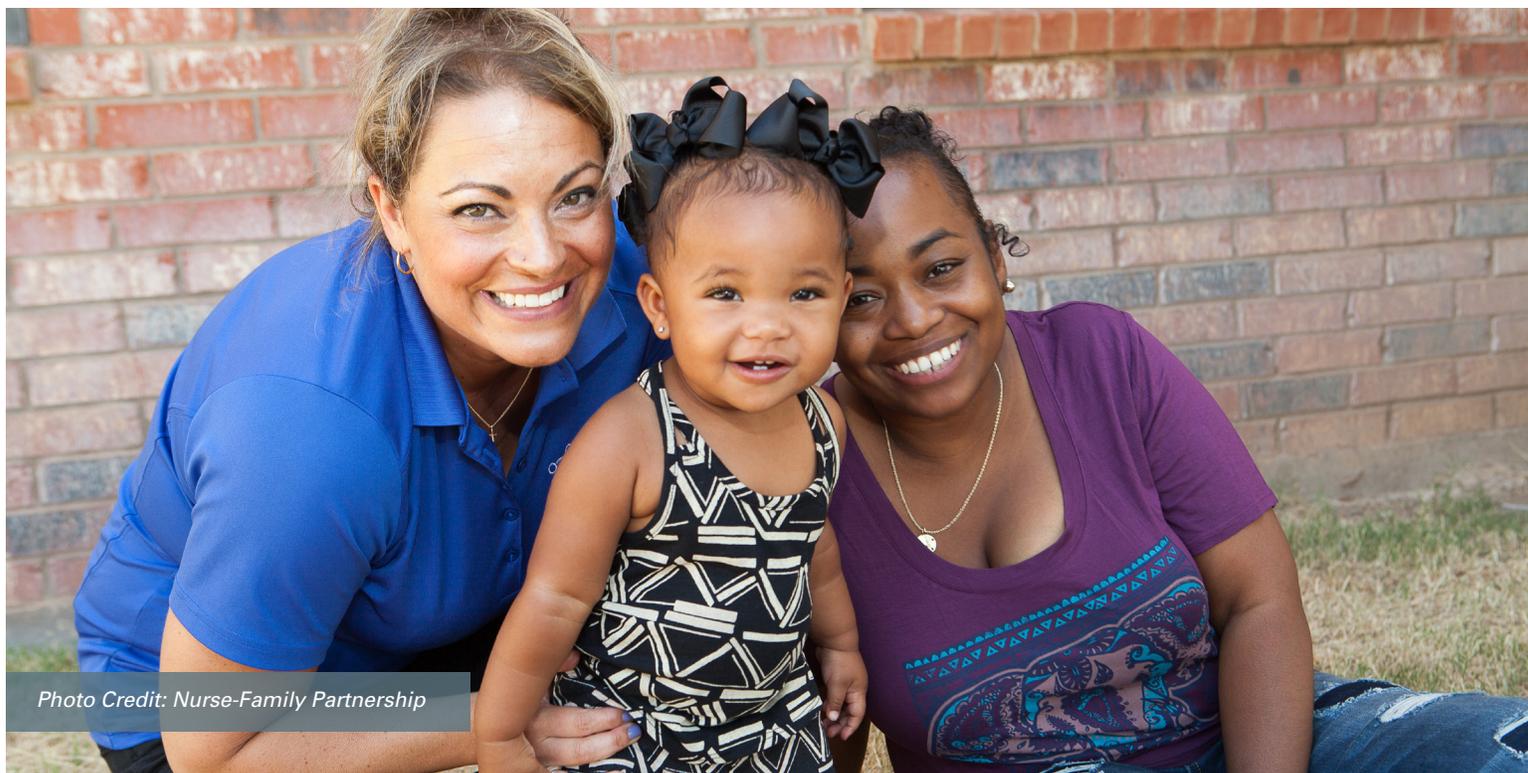


Photo Credit: Nurse-Family Partnership

If we take action now, we can accelerate transformation toward an outcomes-oriented social sector—one that champions collective collaborative solutions, enables continuous improvement, and propels us toward our shared ideals.

Join the conversation! Visit the Pay for Success Learning hub at [payforsuccess.org](https://payforsuccess.org), and [sign up here](#) to join NFF’s mailing list for the latest news.