

## SUPPORTING SOCIAL IMPACT PARTNERSHIPS TO PAY FOR RESULTS: OVERVIEW

The Bipartisan Budget Act of 2018, signed into law on February 9, 2018, includes Title VIII—Supporting Social Impact Partnerships to Pay for Results. The legislation was first introduced by Senator Todd Young (R-Ind.), but appears to have bipartisan support from Members of Congress.

### Goals

- Fund social programs that achieve real results
- Redirect funds from ineffective programs to programs with demonstrable, measurable results
- Ensure federal funds are used effectively on social services
- Establish the use of social impact partnerships
- Facilitate creation of public-private partnerships to scale effective social interventions already being implemented by private, non-profit, or charitable organizations
- Bring pay-for-performance to the social sector
- Incorporate outcomes measurement and randomized controlled trials or other rigorous methodologies for assessing program impact

### Social Impact Partnership Requirements

- The project must produce one or more of the following outcomes:
  - Increase work and earnings for those unemployed for 6 consecutive months
  - Increase employment and earnings for young people (ages 16-25)
  - Increase employment among those receiving Federal disability benefits
  - Reduce dependence of low-income families on Federal means-tested benefits
  - Improve rates of high school graduation
  - Improve birth outcomes and early childhood health and development among low-income families and individuals
  - Reduce rates of preventable diseases (*e.g.*, asthma, diabetes) among low-income families and individuals to reduce utilization of emergency and high-cost care
  - Increase the proportion of children living in two-parent families
  - Reduce incidences and adverse consequences of child abuse and neglect
  - Reduce the number of youth in foster care
  - Reduce the number of children and youth in foster care residing in non-family foster homes unless it is in the best long-term interest of the child
  - Reduce the number of children returning to foster care
  - Reduce recidivism
  - Reduce the rate of homelessness among our most vulnerable populations
  - Improve health and well-being of those with mental, emotional, and behavioral health needs

# SUPPORTING SOCIAL IMPACT PARTNERSHIPS TO PAY FOR RESULTS: OVERVIEW

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- Improve educational outcomes for special-needs or low-income children
- Improve employment and well-being for returning US military members
- Increase the financial stability of low-income families
- Increase independence and employability of the physically or mentally disabled
- Other measurable outcomes (defined by the State or local government) that result in positive social outcomes and Federal savings
- The duration of the project must not exceed 10 years.
- The application requirements include rigorous evidence of the anticipated benefit of the intervention, including the expected social benefits and the savings to the Federal government. They also include details of the evaluation methodology (*i.e.*, the metrics that will be used to determine whether the outcomes have been achieved as a result of the intervention and how the metrics will be measured).

## Social Impact Partnership Process & Governance

- The Secretary of Treasury will publish an RFP from states and local governments within 1 year.
- Agreements will be awarded no later than 6 months after receiving the application. The decision to enter into an agreement will be made by the Secretary of Treasury in consultation with the Federal Interagency Council on Social Impact Partnerships and the head of any Federal agency administering a similar intervention or serving a population similar to that served by the project. They will consider recommendations made by the Commission on Social Impact Partnerships.
- The Secretary of Treasury may transfer the authority to administer an agreement (including making payments) to the head of another Federal agency (and any funds necessary to do so).

### Federal Interagency Council on Social Impact Partnerships

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- The Council (established by this law) will have 11 members, as follows:
  - Chair of the Council will be the OMB Director
  - The head of each of the following Agencies will designate one officer or employee to be a council member:
    - Department of Labor
    - Department of Health and Human Services
    - The Social Security Administration
    - The Department of Agriculture
    - The Department of Justice
    - Department of Housing and Urban Development
    - Department of Education
    - Department of Veterans Affairs
    - The Department of the Treasury
    - The Corporation for National and Community Service

### Commission on Social Impact Partnerships

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- The Commission (established by this law) will have 9 members, appointed by the following individuals:
  - The President (will appoint the Chair of the Commission)

# SUPPORTING SOCIAL IMPACT PARTNERSHIPS TO PAY FOR RESULTS: OVERVIEW

- The Majority Leader of the Senate
- The Minority Leader of the Senate
- The Speaker of the House
- The Minority Leader of the House
- The Chairman of the Senate Finance Committee
- The ranking member of the Senate Finance Committee
- The Chairman of the House Ways and Means Committee
- The ranking member of the House Ways and Means Committee
- The Commission members will have the following qualifications:
  - Be experienced in finance, economics, pay for performance, or program evaluation;
  - Have relevant professional or personal experience in a field related to one or more of the outcomes listed in the “Social Impact Partnerships Requirements” section above;
  - Be qualified to review applications for social impact partnership projects to determine whether the proposed metrics and evaluation methodologies are appropriately rigorous and reliant upon independent data and evidence-based research.
- The appointments will be made within 120 days. If a member of Congress fails to appoint a member by this date, the President may select a member on behalf of the member of Congress.
- The terms of appointment will be determined by unanimous agreement or by random process in accordance with the following:
  - 3 members will serve for 2 years
  - 3 members will serve for 3 years
  - 3 members (including the Chair of the Commission) will serve for 4 years

## Funding

- **Out of any money in the Treasury not otherwise appropriated, \$100M is appropriated for 2018. This amount will be made available until 2028 (10 years).**
- The State or local government will only receive outcome payments if an evaluation by an independent evaluator concludes that the project has met the requirements of the agreement and achieved an outcome as a result of the intervention.
- The Secretary has the option to use up to \$10M (of the appropriated funds) to fund feasibility studies for State or local governments.
- The independent evaluation will be funded by the Federal government up to \$15M (of the appropriated funds).
- Of the funds made available, no more than \$2M may be used for oversight of the program.