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Urban Institute Announces Initiative to Help Guide, Design, and Assess "Pay for Success" Projects Across the Country.

WASHINGTON DC - March 16, 2015 -The Urban Institute today launched an initiative to ensure "Pay for Success" (PFS) transactions are well-designed, informed by rigorous research, and deliver outcomes as intended.

The Laura and John Arnold Foundation (LJAF) will commit \$8.4 million over three years for the Urban Institute, a nonprofit research organization, to establish a broad Pay for Success Initiative at Urban and ensure current and future PFS transactions are evidence-based and effective.

Pay for Success is an innovative funding approach that aims to drive government resources toward proven social programs to deliver better results to those in need. The model provides a way for state and local governments to tackle social problems by tapping private investors to cover the up-front costs of the programs. If the programs are successful, governments pay the investors back. If they are not, the investors absorb the cost and the governments pay nothing.

Currently there is only a handful of Pay for Success deals operating nationwide; however, with rapid growth expected, Urban's scholars will bring a research perspective to assess and advise both existing and future PFS projects, at little to no cost to the field.

"The ultimate goal of our initiative is to identify and scale evidence-based interventions through effective service providers to help people and communities. We are advocates for the evidence that forms the foundation of these agreements to pay for interventions which would otherwise go unfunded, or be funded on a smaller scale. Knowing the rate and scale at which these programs are expanding, we want to make PFS deals as strong and research-based as possible," said John Roman, a senior fellow at the Urban Institute.

Pay for Success already is an exciting and rapidly growing field. Urban aims to support and complement the work of a number of other organizations and public leaders who have created a strong foundation for others to follow. Ultimately, Urban will help accelerate what the field can learn together.

Scholars supported by Urban's new PFS Initiative will be engaged in a range of activities, including:

- Providing training and technical assistance;
- Developing toolkits and templates for others to follow;
- Designing new PFS transactions based on existing research;
- Helping ensure programs are evaluated accurately; and
- Sharing lessons learned for other leaders and researchers through collaborative events.

As one of the first undertakings for the PFS Initiative, Urban will host a series of virtual events in May examining the areas of public and social service that are most promising for PFS. The panel series will bring together subject matter experts, researchers, service providers, and philanthropic and government leaders from across the country. It will focus on which evidence-based programs

and strategies are best poised for a PFS approach in housing, economic development, poverty reduction, and justice system reform.

Urban Institute Fellow and Director of Urban Policy Initiatives Erika Poethig explained, “Urban is uniquely positioned to conduct this work given its independent perspective, the breadth of its expertise on social and economic policy issues, and its commitment to empirical evidence. Since its founding, Urban has used research to improve public sector programs. Pay for Success is a natural extension of that effort, and Urban’s scholars are committed to helping maximize the potential of these new opportunities.”

There are roughly 30 PFS projects in various stages of development in the United States, and PFS investments could total \$1 billion across the next three years.

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CONTACT: Laura Greenback, lgreenback@urban.org, (202) 261-5709

The nonprofit Urban Institute is dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector.

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