Expanding the Social Impact Partnerships to Pay for Results Act (SIPPRA) Program

We recommend that the Trump-Vance Administration prioritize expansion of the landmark $100 million Social Impact Partnerships to Pay for Results Act (SIPPRA) pay-for-success demonstration fund in its first budget proposal. Six years after President Trump signed SIPPRA into law, as part of the Bipartisan Budget Act of 2018, this transformational demonstration program is now ripe for scale-up. Originally authorized and implemented under the first Trump Administration, SIPPRA has demonstrated the enormous potential of investing taxpayer dollars in evidence-based strategies leveraging pay-for-success financing.

SIPPRA's flexible pay-for-success structure enables the federal government to invest in cost-effective, locally-driven strategies that provide major benefits but would otherwise be underfunded. Some high-value interventions encounter the "wrong pockets problem" in which one government entity bears the cost while another reaps the benefits (e.g., housing programs that reduce public health expenditures), while others face outdated funding streams with limited incentives to invest in evidence-based approaches (e.g., federal workforce spending). Key aspects of SIPPRA include:

- SIPPRA invests in State and local public-private projects that leverage evidence-based strategies to improve lives, ranging from increasing workers' earnings to reducing child abuse and neglect, with an emphasis on strategies that are cost-effective and can even reduce government expenditures. Fifty percent of investment must directly benefit children.
- To assess and select projects, the Treasury Department partners with an array of federal agencies and the bipartisan Commission on Social Impact Partnerships of national experts appointed by Congressional leaders and the President.
- The Treasury Department makes SIPPRA project payments based on rigorously-validated outcomes – such as increases in participants' income– meaning taxpayers only pay for proven results, starkly different from the typical federal grant program.

So far, SIPPRA has funded a range of impressive, diverse projects while demonstrating widespread interest and building capacity in communities around the nation. In 2021, Treasury awarded the first four SIPPRA projects which ranged from permanent supportive housing in Denver, CO, to alternatives to incarceration for women with substance abuse disorders in the State of Oklahoma. These projects have launched implementation successfully and will be eligible for initial outcomes payments in the next year or so. The Denver project, for example, has already demonstrated very promising early impacts in housing persistence among participants.[1] In November 2023, Treasury released the second application for SIPPRA projects; seven promising projects are now under final consideration for awards this fall.

[1] Gillespie, Hanson, and Oneto (2024), *Scaling Supportive Housing as a Health Care Solution*, Urban Institute, https://www.urban.org/sites/default/files/2024-05/Scaling_Supportive_Housing_as_a_Health_Care_Solution.pdf.

We recommend the Administration build on this success and pursue expansion of SIPPRA in its first budget proposal with the following core features:

- **Re-invest in SIPPRA.** We propose making new appropriations of $100 million per year – $1 billion over 10 years– building on the initial $100 million investment. SIPPRA has barely scratched the surface of its potential to invest in high-ROI interventions – there is a tremendous amount of evidence-based approaches that constitute "low-hanging fruit" for investment, ranging from sectoral employment strategies to supportive housing.
- **Refine SIPPRA's financing model.** We recommend allowing SIPPRA to serve as a revolving fund that can reinvest federal net revenue gains, substantially expanding the potential scale of its impact. We propose to enable participants to leverage federal funds as a financing source (to avoid concerns of double-dipping, we suggest requiring participants to reinvest outcome payments in the same intervention moving forward). We suggest allowing the Treasury Department to provide up-front, flexible capital to support projects' start-up costs.
- **Restructure evaluation requirements.** Rigid evaluation provisions created challenges in SIPPRA's first round. Moving forward, SIPPRA should explicitly allow for lower-cost quasi-experimental methods that provide reliable measures of programs' impact and better align with today's practice among private pay-for-success investors.
- **Expand lead applicant eligibility to non-governmental providers and intermediaries.** In sharp contrast to most other pay-for-success programs, SIPPRA limits lead applicant eligibility to states and local governments. Expanding eligibility to non-governmental providers and intermediaries would substantially increase the program's potential impact and aligns with the public-private partnership structure of the program.
- **Provide more flexibility in implementation while increasing transparency.** We recommend streamlining the extensive requirements in statute to provide more flexibility in implementation and to cut down on red tape. Key changes include using a multi-stage application process that reduces up-front requirements and allows earlier project co-development; more flexible cooperative agreements instead of grants; and a rolling application cycle.

We welcome the opportunity to speak with you regarding these recommendations. Please reach out to Chase Sackett (chase_sackett@newprofit.org), Policy Director at America Forward.

About America Forward

America Forward represents a Coalition of more than 100 non-governmental social innovation organizations that champion innovative solutions to our country's most pressing issues in education and economic mobility. America Forward and our America Forward Coalition partners have been closely engaged in the development and implementation of SIPPRA.