

## Support HB 15-1317: Pay for Success

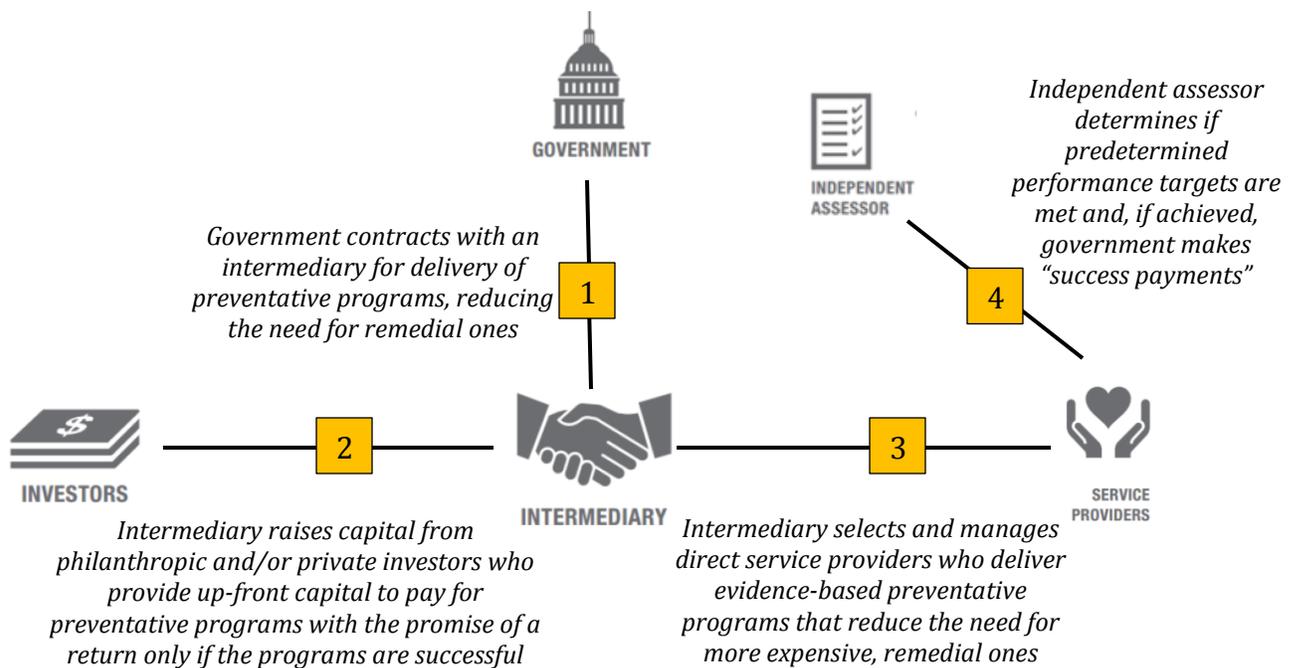
(Reps. Garnett & Rankin/Sens. Johnston & Martinez Humenik)

### What is Pay For Success (PFS)?

PFS financing is an approach used by policymakers to invest in interventions that generate fiscal savings by achieving improved social outcomes. In a PFS contract, philanthropic or private investors provide the initial funding for a promising intervention that could save public dollars if implemented. Only if the intervention program reaches a threshold of success within the contractual period are initial investors paid back.

Without authorizing legislation, state cost savings would not be able to be used in a PFS contract. This legislation will allow policymakers to utilize this innovative approach to reducing state costs while providing important preventative services.

### How do PFS programs work?



Adapted from Callanan, Law, and Mendonca (2012)

### Why is PFS important?

- PFS financing allows policymakers to approach solutions to complex social problems with a focus on outcomes rather than inputs
- PFS shifts the risk of preventative programs not succeeding from taxpayers to the initial investors and philanthropists
- PFS promotes innovative and cost-effective solutions to problems that are much more expensive to resolve if not addressed early

### What does the bill do?

- Sets up the process for the state to review, approve and enter into PFS contracts
- Establishes the fund into which the cost savings from preventative programs would be deposited and from which payments would be made
- Outlines the elements that would have to present in a PFS contract
- Specifies the timing and process for requests for PFS payments
- Ensures that any payment for a successful PFS contract would be appropriated by the legislature

### Existing PFS Models

Subject Areas of PFS Models	Locations of PFS Models
Recidivism	England, New York City, New York State, Massachusetts
Homelessness	Massachusetts, Denver, Cuyahoga County Ohio
Early Development	Utah, Chicago

Learn more about projects that have been financed: <http://www.instituteforchildsuccess.org/pfs.php>

### Bill Supporters

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