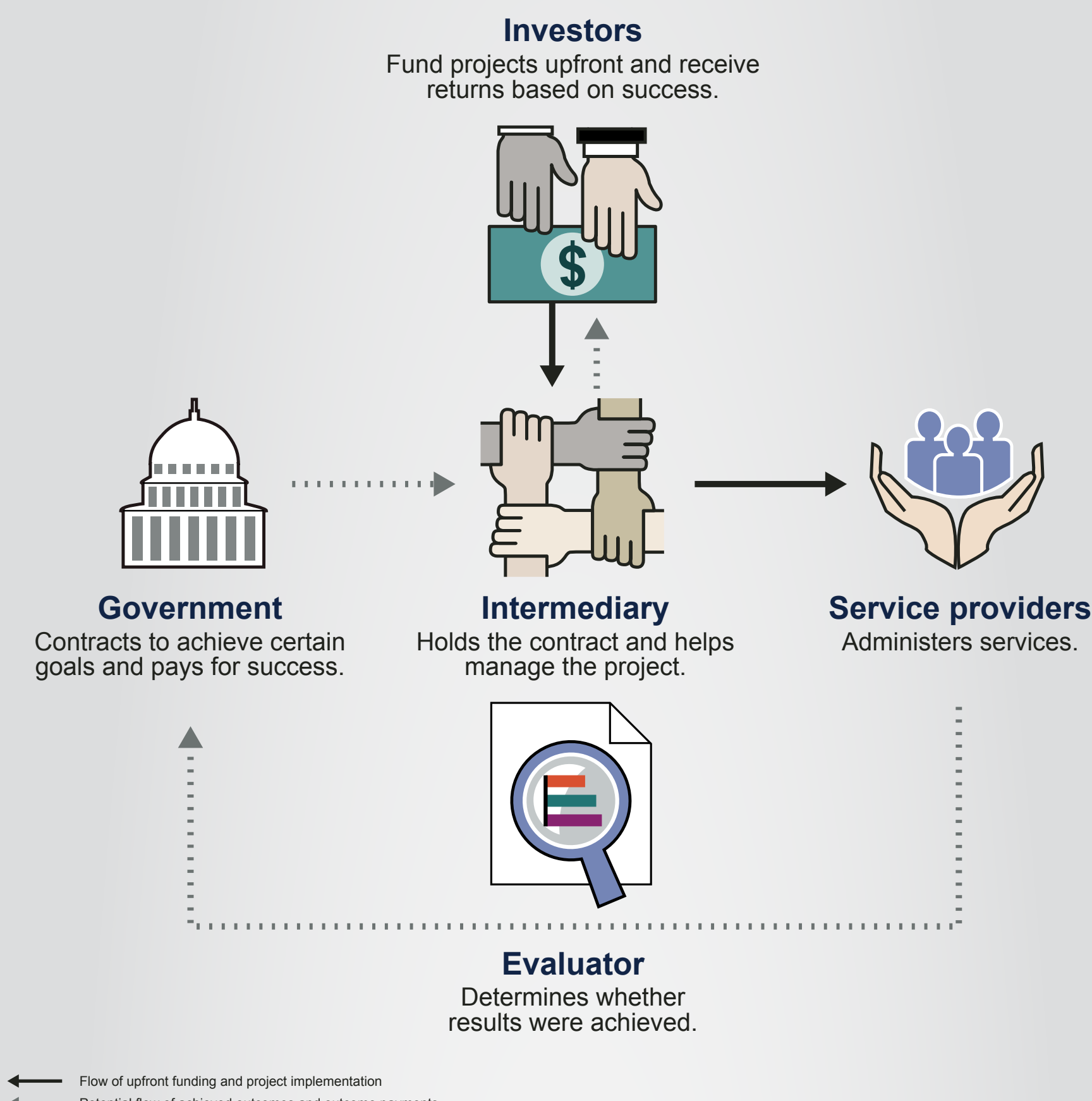


Pay for Success

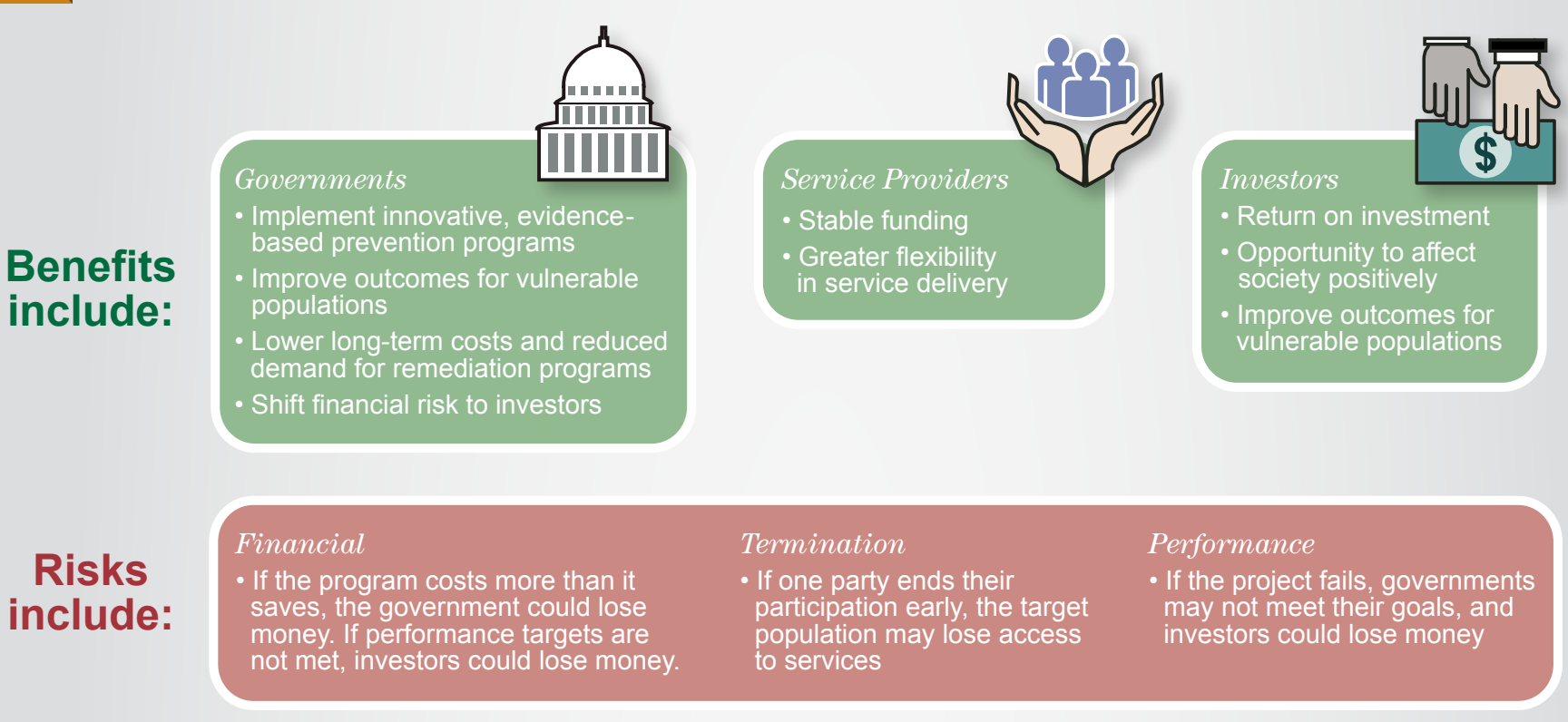
A look at a new way for government to finance prevention programs based on measured results.

AN OVERVIEW FROM GAO-15-646

Pay for Success is a financing mechanism to fund prevention programs, where investors provide capital to implement a social service. Once the government verifies a project's success, it pays the investors back based on how much money the project saved the government. Here's what it looks like:

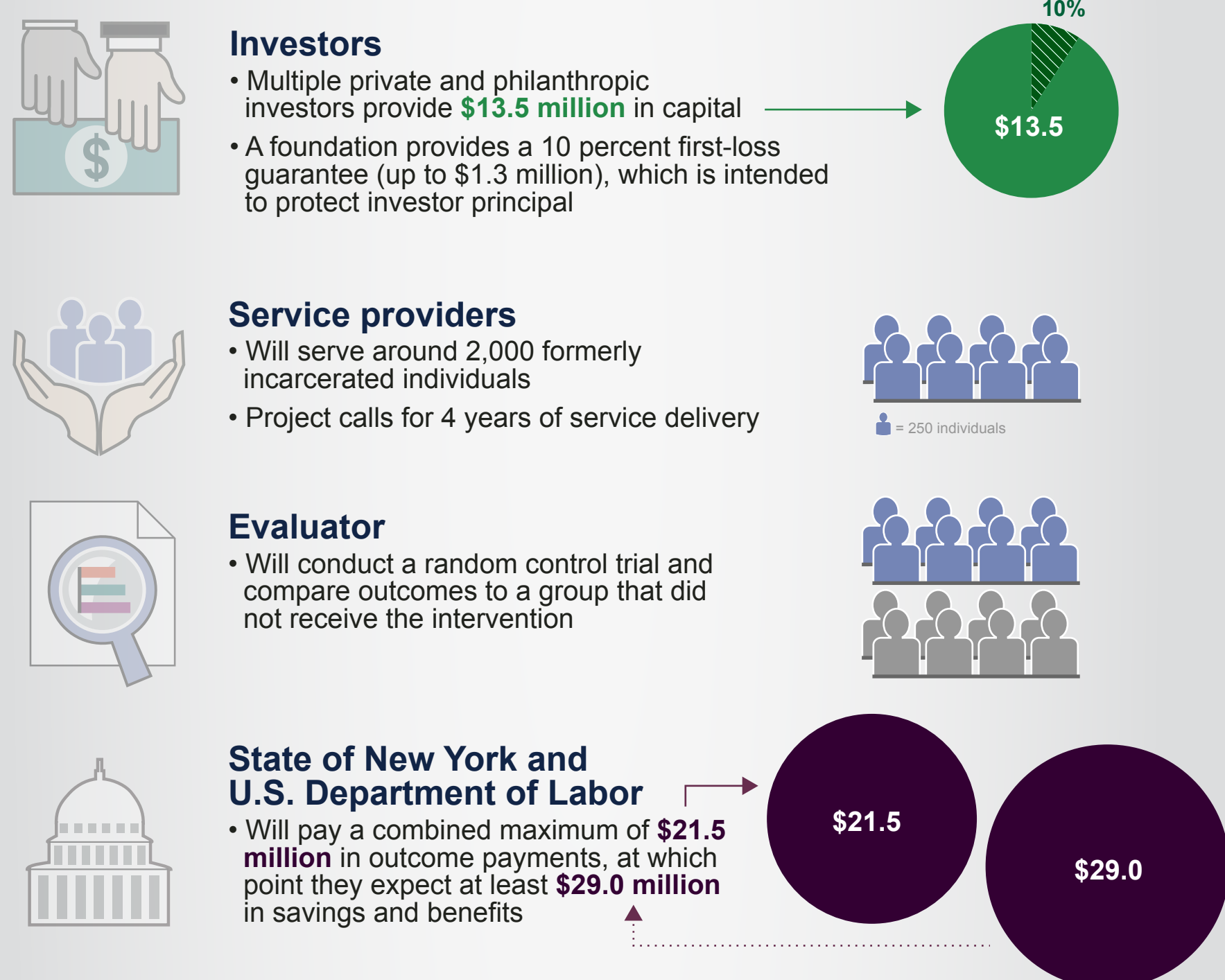


What are the Benefits and Risks of Pursuing Pay for Success?



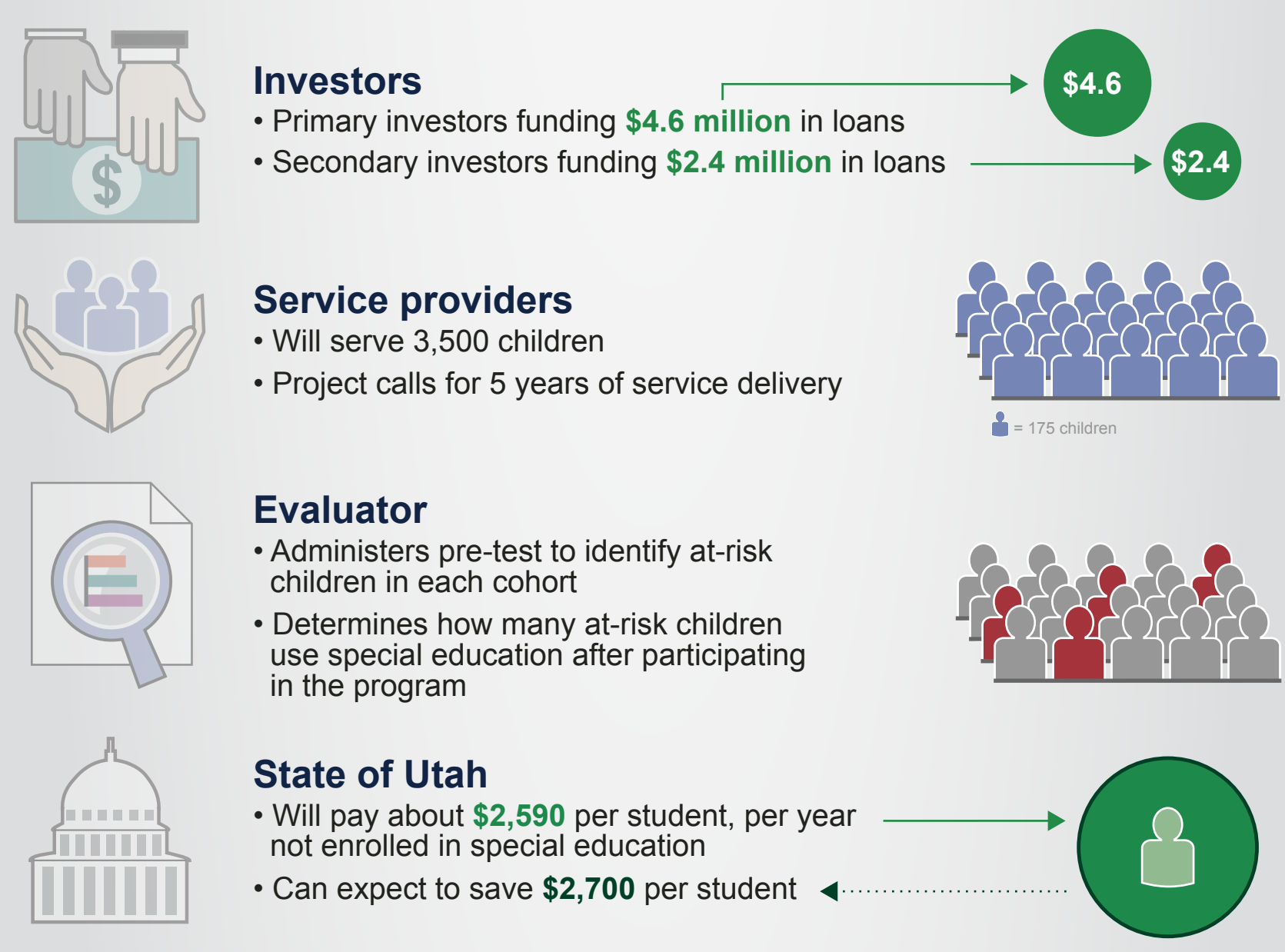
Example: New York Recidivism

This project is designed to reduce recidivism rates and increase employment rates of high-risk individuals recently released from state prison each year.



Example: Utah Early Childhood Education

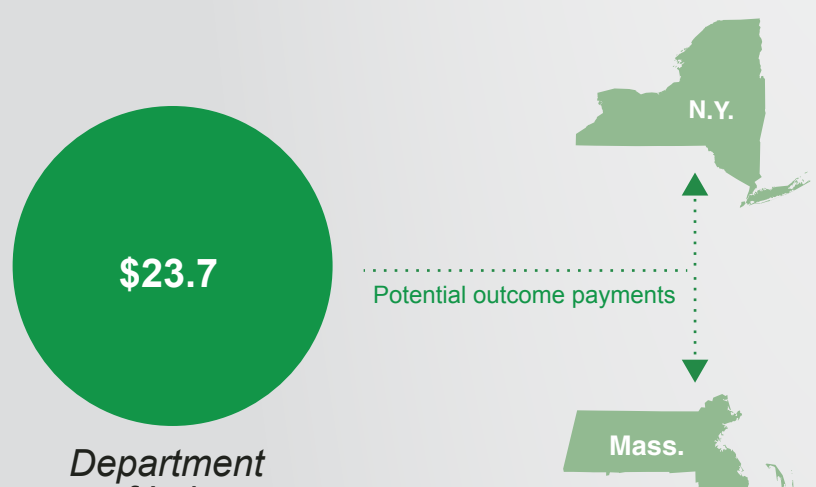
This project funds Granite School District's high-quality preschool program. If the program is effective, it reduces future special education costs for at-risk children.



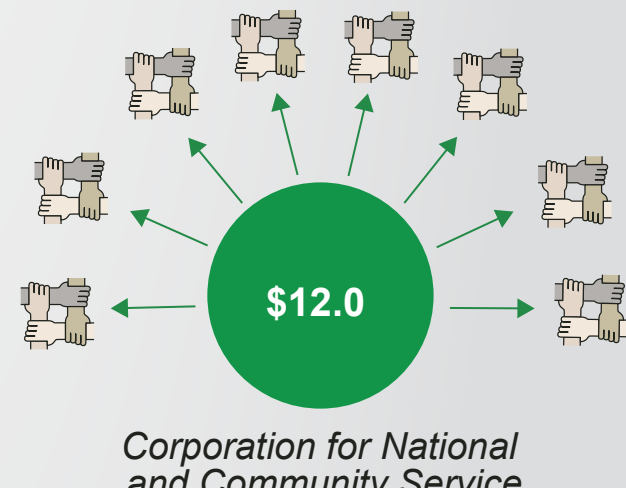
Federal Agencies Have Contributed to Pay for Success Projects in Two Ways

The federal government has played a limited role by:

Providing outcome payments for early projects if successful



Building the capacity of organizations interested in implementing projects in the future



DOL provided **\$23.7 million** in potential outcome payments to Massachusetts and New York to reduce recidivism and increase employment for recently-released inmates.

CNCS provided **\$12.0 million** in grants to 8 intermediaries to help governments and nonprofits build their capacity to structure and implement projects.