American Rescue Plan:
How Outcomes-Based Practices Can Maximize Community Impact

SOCIAL FINANCE

Introduction

Over the coming months, the American Rescue Plan Act of 2021 (ARP) will inject billions of dollars into state, county, and city governments. Public officials will need to spend most of the ARP funds within one to five years, requiring them to quickly allocate and deploy dollars. While this funding provides much-needed relief, the rapid nature in which it must be spent may make it difficult to ensure that the dollars produce the greatest impact.

This memo provides an overview of strategies that Social Finance has identified to help maximize the efficacy of public spending on a compressed timeline. Some of these techniques can even be implemented after funding has been deployed to ensure that programs are producing the intended results. In addition to directing these one-time ARP funds toward the highest impact policy priorities, these strategies will accelerate governments' use of data, outcomes measurement, and performance management to gain better insights into what works and to inform which programs and policies should be continued once ARP funds have been spent. The memo's appendix lists specific sections of the ARP where funds can likely be used towards these outcomes-driven frameworks.

This list is by no means comprehensive. Social Finance is currently working with a state government to customize outcomes-based solutions to steer ARP funding toward the most effective early childhood development programs, fill programmatic gaps, and ensure that the funding delivers real results. Social Finance is eager to speak with jurisdictions about their specific goals and discuss tailored solutions. For more information, please contact Nirav Shah, Vice President at Social Finance.

Outcomes-Based Practices to Increase ARP Fund Impact

1. Create an Outcomes Scorecard

Outcomes scorecards are a strategy to help advance transparency and data-driven decision making among contracted services. Scorecards do not require any changes to existing contracts, allowing them to be deployed mid-contract cycle. The basic premise is simple: Government specifies a key set of outcomes metrics and other leading performance indicators. On a regular cadence (often bi-annually), providers receive a "score" based on their performance against a target across these metrics. They also receive information to help put their score in context, such as their past performance or the average scores of their peers. The primary purpose of these scores is not to punish low performers, but rather to provide insights into strengths and areas for development, and to create feedback loops that allow for continual improvement.

For example, Social Finance partnered with California's Riverside County Children and Families Commission to design a scorecard that assesses the quality of home visiting services for low-income families, with the goal of improving maternal and child health and early childhood development outcomes. The scorecard measures data quality, operational efficacy, and programmatic impact. Providers that score highly on all dimensions receive a modest bonus payment, which they can use flexibly to improve services. Providers that score lower receive targeted funding to help address their areas for improvement. While only recently launched, the scorecard has already helped Riverside identify operational challenges caused by COVID-19 that they are now working with their providers to address.

II. Create an outcomes-based workforce/upskilling fund

Innovative finance structures such as Pay It Forward Funds (PIFFs) can create a multiplier effect that allows government to serve more people with a fixed pool of funding and ensure that the funding is advancing economic mobility goals. PIFFs can break down the traditional silos between workforce development and economic development agendas: making targeted human capital investments in underserved communities that align with industry needs and talent pipeline demands. With a PIFF, governments partner with evidence-based workforce training programs to set up Career Impact Bonds (CIBs)—a student-centric approach to an income share agreement that's designed to unlock career pathways for low-income individuals. Unlike loans, in a CIB, students repay costs as a percentage of their future income only if they obtain and maintain jobs paying above an income threshold. Repayment is capped in amount and duration to ensure student protections. With PIFFs, states are also increasingly engaging with employers, who take on the onus of repaying program costs based on job placement and retention outcomes.

These repayments—whether from individuals or employers—are recycled back to support future students' training, thereby sustaining the fund's impact into the future. ARP funds can seed PIFFs, which in turn can bring government, employers, and providers together to contribute to the fund and support the reskilling and upskilling of displaced workers. The recycling mechanism may also help lengthen the impact of ARP funding to create a more sustainable, longer-term funding stream. Several ARP sections can support these types of funds for healthcare workers, and county and state discretionary funding can likely be used towards workforce training programs. Social Finance is currently working with several states to launch PIFFs.

III. Implement comprehensive Active Performance Management strategies

Without a strong implementation strategy, funding evidence-based practices is often insufficient to ensure project impact. Active Performance Management (APM) is a set of data-driven processes that maximize outcomes through coordination and data tracking. It brings together partners to identify and resolve operational challenges in real-time to create short-term, action-oriented feedback loops that improve operations and, ultimately, outcomes. By pairing APM with a structured governance framework that brings in state/county officials, program providers, impacted residents, and other stakeholders, governments can ensure that the right individuals, with the right knowledge, effectively steward resources towards outcomes.

As an example, Social Finance partnered with the Commonwealth of Massachusetts and JVS Boston to increase access to programs that assist adult English language learners in making successful transitions to employment, higher wage jobs, and higher education. Social Finance's APM helped the jurisdiction expand its data collection and reporting capabilities to better monitor enrollment, program completion, and job placement. The team was able to recommend solutions and adapt programming to increase outreach to potential participants, mitigate enrollment challenges, and quickly respond to unforeseen challenges.

Appendix: Applicable Sections of Legislation

ARP sections with funds that can be used to track outcomes:

- Example: Sec. 2204. Programs for Survivors, $180 Million: These funds will support family violence and prevention services including technical assistance and training centers, grants for state domestic violence coalitions, administration, evaluation, and monitoring. Social Finance can build scorecards to help stakeholders ensure that funds go towards organizations that effectively support survivors and track how the organizations use the funds.
- Other Sections: Sec. 2205. Community-Based Child Abuse Prevention, Sec. 2707. Community-Based Local Behavioral Health Needs, Sec. 2922. Technical Assistance Center on Grand Families and Kinship Families.

ARP sections that can leverage APM:

- Example: Sec. 3204. Housing Counseling, $100 Million: These funds will support housing counseling organizations that target and provide services in neighborhoods with high concentrations of people of color and low-income residents. Funds can go towards training, technology upgrades, and operational oversight. APM can help stakeholders decide on key outcomes for these funds, identify appropriate providers, and track program success.
- Other Sections: Sec. 3205. Homelessness Assistance and Supportive Services Program, Sec. 2201. Child Care and Development Block Grant Program, Sec. 2204. Programs for Survivors, Sec. 2205. Community-Based Child Abuse Prevention.

ARP sections that can leverage innovative workforce training funds:

- Example: Sec. 2501. Public Health Workforce, $7.66 Billion: These funds will help maintain and expand the U.S. public health workforce, support health departments to recruit and hire new public health workers and related administrative support, and provide PPE and other supplies to new workers. A PIFF would enable workforce training funds for expanding the number of health care workers in a state to recycle and support more students over a longer period of time than a grant structure.
- Example: Sec. 2001. Elementary and Secondary School Emergency Relief Fund, $122 Billion: States will allocate no less than 90% of these funds to local educational agencies, which can use this capital for a variety of programming, including initiatives under the Adult Education and Literacy Act (WIA). WIA allows for funding for a variety of workforce training programs, including "experimental, research, and demonstration projects." Funds need to be distributed by September 2023.
- Sections that support health care PIFFS: Sec. 2501. Public Health Workforce, Sec. 2711. Behavioral Health Workforce Education and Training, Sec. 1150C. Funding for Providers Relating to COVID-19, Sec. 2602. National Health Service Corps, Sec. 2603. and Sec. 2707 Nurse Corps, Community-Based Local Behavioral Health Needs.
- Sections that support non-health care PIFFs: Sec. 1005. Socially Disadvantaged Farmers and Ranchers, Sec. 4013. AFG and SAFER Program, Sec. 8006. Veteran Rapid Retraining Assistance Program.
- Portions of county and state discretionary funding, Sec. 602 and Sec. 603, can also likely be used for workforce training programs. These sections state that funds can be used "to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality."

About Social Finance

Social Finance is a national nonprofit that builds innovative partnerships and investments to measurably improve lives. Our Public Sector Practice works within government's existing funding and procurement structures to identify promising interventions and implement data-driven practices that drive better results. Over the last ten years, Social Finance has worked with more than 65 governments at the state, county, and city level to improve outcomes in education, health, economic mobility, and housing. Learn more at socialfinance.org.