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Social Finance and Jobs for the Future Launch First-Ever Pay for Success Competition in K-12 Education

Pay for Success Projects Will Bring Career and Technical Education Opportunities to Underserved Youth to Enhance Prospects for Long-Term Success

January 17, 2017 - Boston, MA - [Social Finance, Inc.](#) and [Jobs for the Future](#) (JFF) today launched a competition to develop the first-ever Pay for Success projects in K-12 education. Funded by the U.S. Department of Education, the competition will award technical support to expand career and technical education programs for underserved, high-need youth through Pay for Success.* The resulting Pay for Success projects will create or scale effective programs that enable students to reach their full potential. [The Request for Proposals can be found here.](#)

“Thanks to this U.S. Department of Education opportunity, JFF is excited to partner with Social Finance to help advance strategies that not only result in benefits for low-income youth, but also intentionally align our education system with the needs of the workforce through efficient and effective uses of government investments,” said Maria Flynn, JFF’s president and chief executive officer.

A Promising Approach to Solving Complex Social Challenges

Pay for Success is an innovative funding model that combines nonprofit expertise, private funding, and independent evaluation to transform how government leaders respond to chronic social problems. Through Pay for Success, private investors provide the upfront funding to scale effective service providers. Government agrees to repay investors if and when the project achieves its desired impact. This shifts the focus from outputs to outcomes, such as achievement of credentials, directing taxpayer dollars to programs that work.

“This competition supports the development of the first Pay for Success projects in K-12 education,” said Tracy Palandjian, chief executive officer and co-founder of Social Finance. “Through Pay for Success, governments pay only for positive outcomes, such as increased high school graduation rates and improved earnings for our youth.”

Since the first Pay for Success project—also called a Social Impact Bond—was launched by Social Finance’s sister organization Social Finance UK in 2010, more than 70 projects have launched in 16 countries.

Why Pay for Success in Education?

Pay for Success helps governments do more with less, allocating tax dollars to programs that have been shown to work. Current Pay for Success projects in the United States are delivering services to improve outcomes in maternal and child health, adult and juvenile recidivism, workforce development, child welfare, and more. There is significant interest—from a range of stakeholders—in developing Pay for Success projects that expand services in K-12 education.

“In partnership with Social Finance, JFF continues its role nationally as a catalyst and enabler of performance-based approaches that help young people gain vital academic and technical skills through high-quality CTE opportunities,” said Joel Vargas, JFF’s vice president of School and Learning Designs.

K-12 education, and CTE programming in particular, is an especially favorable area for Pay for Success because of the clearly defined population to be served, investor interest, and the social benefits associated with positive education outcomes.

“Pay for Success helps steer government funding toward programs with proven impact. Pay for Success initiatives in CTE will allow high-impact providers across the country to scale their programs, helping more students get the skills they need to thrive in the 21st-century economy,” said Jeff Shumway, vice president of Advisory Services for Social Finance.

How the Competition Works

The open and fair [competition](#) launched today with applications accepted until March 17, 2017. Social Finance and JFF will select four applicants and explore how Pay for Success would allow them to implement or expand a career and technical education program. Social Finance and JFF will then work with select applicants to develop and launch Pay for Success projects in their communities. Applicants can include local education agencies, postsecondary institutions, and consortia.

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About Social Finance, Inc.

[Social Finance, Inc.](#) is a 501(c)(3) nonprofit organization dedicated to mobilizing capital to drive social progress. Social Finance is committed to using Pay for Success to tackle complex social challenges, facilitate greater access to services for vulnerable populations, and direct capital to evidence-based social programs—all with the goal of measurably improving the lives of people most in need. Social Finance has deep experience in the design and implementation of Pay for Success projects, from early-stage feasibility assessment, to project development and capital formation, to post-launch performance management and investment support.

About Jobs for the Future

[Jobs for the Future](#) (JFF) is a national nonprofit that builds educational and economic opportunity for underserved populations in the United States. JFF develops innovative programs and public policies that increase college readiness and career success and build a more highly skilled, competitive workforce. With over 30 years of experience, JFF is a recognized national leader in bridging education and work to increase economic mobility and strengthen our economy.

*This project is funded through a \$2 million award from the U.S. Department of Education’s Office and Career and Technical Education (Grant #V051B160002). This award comprises 91% of total project funding, with 9% of the project financed through a non-federal program match.