

# Collective Impact + Pay for Success: Greater than the sum of their parts

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Collective Impact and Pay for Success (PFS) may sound like just two more social sector buzz words.

But beyond the buzz around these two methods for driving social change there is an important connection, and combining the two could equal big impact.

Collective Impact and PFS approaches are both founded in data, evidence and proven practices. Both seek to drive positive social change for entire communities. Together, are the two models greater than the sum of their parts? We believe they can be.

In pursuit of impact on a broader scale, Pay for Success and Collective Impact share several common elements:

- I. Shared community vision across multiple sectors**
- II. Shared accountability for improving outcomes**
- III. Shared data to enable action to improve outcomes**

Combining the financing opportunity of PFS with the convening power of Collective Impact may accelerate both approaches, enhancing all three elements above.

## Shared Vision

Because cradle to career partnerships must be grounded in the context of the community, community engagement is a key principle of the StriveTogether Theory of Action (a guide for communities to build the civic infrastructure of quality collective impact). From the outset, the Strive Partnership in Cincinnati and Northern Kentucky worked to include partners spanning the education, business, nonprofit and civic sectors to align resources and develop common strategies. For Social Finance, this mirrors one of the important first steps in PFS exploration—we often speak with a wide array of political leaders, agency heads, legislators, thought leaders, advocates, and practitioners within the community to understand each actor's goals and aspirations before moving forward with a PFS project. Once a project is underway, maintaining a shared vision with project partners and community stakeholders is essential to ongoing decision making.

## Shared Accountability for Improving Outcomes

StriveTogether's Cradle to Career Network [identified six core outcome areas](#) that are supported by research as key contributors to the achievement of cradle to career vision and goals; all partnerships in the Network track progress along these outcomes, define core indicators that contribute to these outcomes, and prioritize core indicators for initial focus. For example, the Commit! Partnership in Dallas County, Texas [brings people to the table to look honestly at student data](#). Across the Network, [Community Report Cards](#) highlight changes in student outcomes as partnerships make progress in achieving their goals. Similarly, core outcomes and indicators are a big part of the analysis and negotiations required for PFS. In Social Finance's [New York State / Center for Employment Opportunities \(CEO\) project](#) to increase employment and reduce recidivism, the metrics chosen (transitional jobs, permanent job placement, and bed/days in prison) were the result of a great deal of analysis, thought, and negotiation between stakeholders. Collective Impact gives a head start to those discussions. By design, Pay for Success brings a sense of shared responsibility to deliver on the chosen metrics once a project is underway because all parties benefit when social outcomes improve.

## Shared Data to Enable Action

Effective data sharing is essential for anyone seeking to use program-level data to personalize ways to help individuals engaging with social services. Cradle to career partnerships provide the foundation for effective data sharing by establishing data-sharing as a core principle. After joining the StriveTogether Cradle to Career network, All Hands Raised in Portland, Oregon started [tracking data and using continuous improvement practices](#) throughout their work to see which groups of students needed more intervention, and then focusing efforts to ensure all students have equal educational opportunities. StriveTogether and the [Data Quality Campaign](#) recently released a [Data Sharing Playbook](#) to help organizations effectively partner with schools on data-driven ways to improve education outcomes. In recent PFS projects, Social Finance has worked with individual level data for foster care and group home placements, birth outcomes, and emergency room visits, all of which required working through complex legal and data quality issues with government.

But tracking core outcomes and indicators alone is not enough; cradle to career partnerships must use local data as a flashlight to identify areas for improvement. The [P16Plus Council of Greater Bexar County](#) in San Antonio [used local data and continuous improvement to improve chronic non-attendance in elementary schools](#) to impact kindergarten readiness and third grade proficiency in reading and math. Similarly, PFS projects rely on ongoing data and performance management to ensure programs are on track to achieve positive outcomes. In the [New York State / Center for Employment Opportunities PFS project](#), Social Finance, the State of New York Department of Corrections, and CEO share data biweekly, monitor project progress, and identify opportunities for continuous improvement.

## So What?

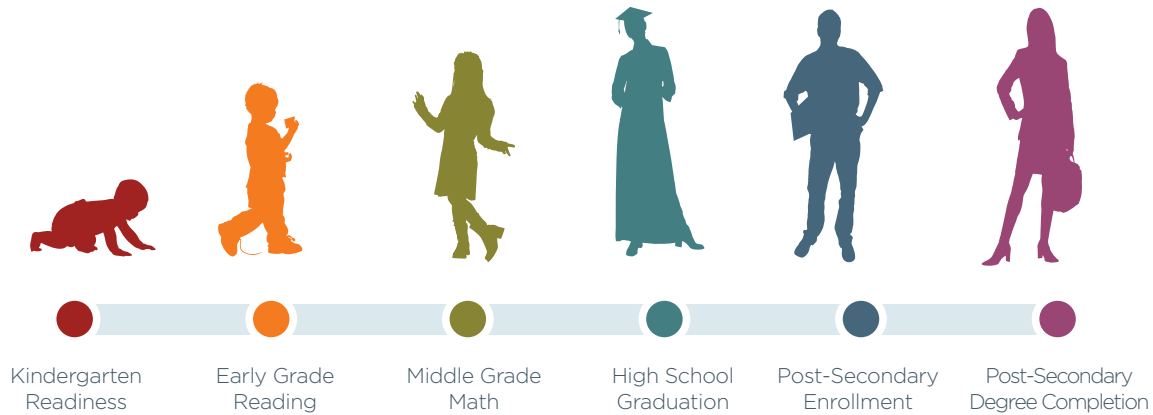
While PFS and Collective Impact both emphasize a community vision, a focus on outcomes, and the use of shared data, we think that combining the tools would help each perform better across sectors to achieve the population-level results we seek. Cradle to career partnerships have laid the groundwork to use PFS as a creative financing tool to scale effective practices to improve the outcomes that local leaders want to achieve (like school readiness, third grade reading, or high school graduation).

Imagine a city with 200 high quality pre-K slots but 4,000 low-income kids in need of pre-K. PFS could generate funding for additional slots aligned with existing Collective Impact goals—all at a much faster pace due to the existing partnerships and data.

Additionally, Collective Impact could inspire the next generation of PFS, where the focus evolves from scaling one or two providers to scaling effective practices that improve outcomes across a community. Cradle to career partnerships often have multiple providers working together, all providing similar services and seeking similar outcomes for a target population. Collective Impact could help the PFS model evolve beyond scaling evidence-based programs towards a more sustainable approach that yields progress at greater scale on the tough social problems we face. All buzzwords aside, this is an opportunity worth exploring.

# Cradle to Career Collective Impact

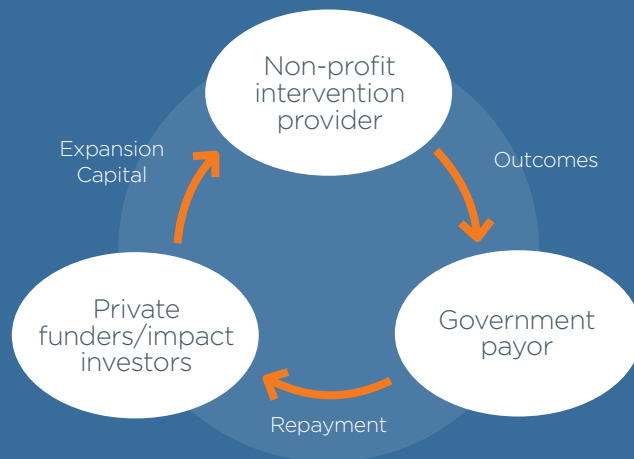
IMPROVING EDUCATION OUTCOMES, FROM CRADLE TO CAREER



Communities around the country are adopting collective impact approaches that aim to support every child from cradle to career by uniting leaders across sectors around shared goals, measures, and results. Local partnerships identify promising practices, use data to implement and improve strategies through continuous improvement, and expand what works locally to improve student outcomes at scale.

## Pay for Success

Pay for Success (PFS) financing is a funding model that drives government resources toward social programs that deliver proven results to those in need. It does so by connecting evidence-based service providers with impact investors (who provide up-front funding for programs) and government agencies (that agree to repay that investment if, and only if, the program achieves pre-determined goals for improving people's lives).



**Social Finance** is a nonprofit that is dedicated to mobilizing capital to drive social progress. We believe that everyone deserves the opportunity to thrive, and that social impact financing can play a catalytic role in creating these opportunities. For more information, visit [www.socialfinanceus.org](http://www.socialfinanceus.org)

**StriveTogether** a subsidiary of KnowledgeWorks, works with communities nationwide to help them create a civic infrastructure that unites stakeholders around shared goals, measures and results in education, supporting the success of every child, cradle to career. Communities implementing the StriveTogether framework have seen dramatic improvements in kindergarten readiness, standardized test results and college retention. For more information about StriveTogether, visit [www.strivetogether.org](http://www.strivetogether.org)