



CHAPTER SUMMARY

The Promise of Outcomes Funds for Economic Mobility

/ Sir Ronald Cohen

To finance interventions that promote economic mobility, state and national governments deploy outcomes funds that bridge the silos between agencies that create a “wrong pockets problem.” Promising models from across the U.S. make it clear that smarter, outcomes-driven funding strategies can turn big goals into real impacts.

Challenges

Solutions to complex social issues often require government agencies to work together. But interagency cooperation can be cumbersome and slow. To give one example, a workforce program for veterans with post-traumatic stress disorder was found to be effective, but it took four years to launch — requiring coordination among the U.S. Department of Veterans Affairs, the Commonwealth of Massachusetts, and the cities of Boston and New York.

This kind of structure sets a clear outcomes target, pulls together outcomes funding from other ‘pockets,’ and then gives communities the flexibility to think outside the typical compliance structures that hold them back, promoting big ideas and adaptive delivery.

Opportunities

Outcomes funds provide communities with the flexibility needed to imagine big ideas and original strategies, encouraging and facilitating cooperation. It also maximizes the impact of every government dollar spent. By identifying a set of priority target populations, setting a clear outcomes target, obtaining outcomes-funding from relevant agencies, and paying only for the achievement of the target outcomes, outcomes funds provide an effective model for creating impact.

Workforce Realigned, Vol. II

This is a summary of the full chapter included in Workforce Realigned, Volume II available at workforcerealigned.org/chapters/the-promise-of-outcomes-funds-for-economic-mobility/.

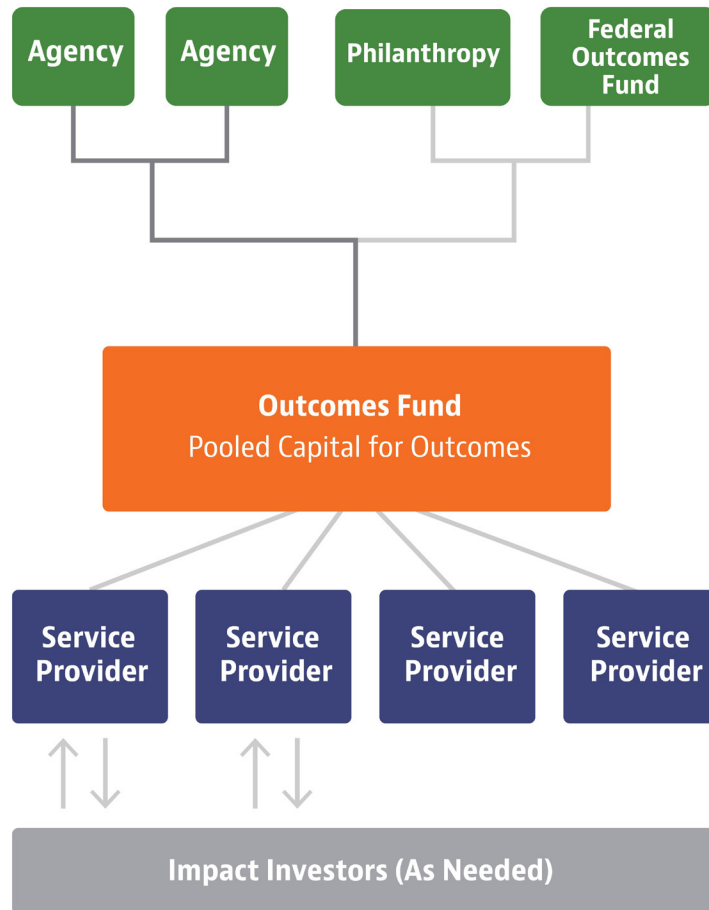


OUTCOMES FUNDS ALLOW JURISDICTIONS TO ACHIEVE BETTER OUTCOMES BY CENTRALIZING KNOWLEDGE AND STRATEGY AROUND OUTCOMES CONTRACTING

- 1 Aggregate Capital**
Funding agencies (sometimes in partnership with philanthropy) come together to **jointly contribute to an outcomes fund**. In some instances, federal outcomes funds may match.

- 2 Centralize Expertise**
The fund develops **outcomes-based contracts** to achieve key policy goals under a common framework.

- 3 Contract for Outcomes**
As needed, service providers may draw on impact investors for the **upfront capital needed** to provide services to the target population; investors are repaid if outcomes are achieved.



Findings and Next Steps

- Outcomes-based funding ensures policymakers pay only for what works, maximizing the efficiency of funds.
- With practice, this approach becomes faster and more cost-efficient, attracting philanthropic and corporate support.
- As the federal government leads by example, states should follow by prioritizing outcomes-focused programs in grantmaking.

