What you need to know about SIPPRA

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WHAT IS SIPPRA?

SIPPRA creates a $100 million standing fund held by the US Treasury to help repay investors in social impact partnership projects and to fund select feasibility studies.

These funds are available for state and local governments implementing programs that produce defined and rigorously measured outcomes and cost savings.

SIPPRA also creates the Federal Interagency Council on Social Impact Partnerships and the Commission on Social Impact Partnerships to advise on project applications and provide other support.

Applying for SIPPRA funds requires project details such as an intervention description, expected outcomes, costs, funding structure, and evaluation design.

The Social Impact Partnerships to Pay for Results Act (SIPPRA) is a provision in the Bipartisan Budget Act of 2018 that aims to support outcomes-based financing and provide funding for social impact partnerships, including pay for success projects. Although SIPPRA could help scale evidence-based policymaking, questions remain about how this legislation will be implemented. An upcoming request for proposals, likely to be released in February 2019, should provide some answers. We have compiled the following information based on our understanding of the legislation.

WHAT CAN SIPPRA RESOURCES FUND?

SIPPRA funding can be used for social impact partnerships (outcome payments and evaluations) and for feasibility studies.

Social Impact Partnership Funding

At least $55 million of the SIPPRA funds are set aside for outcome payments for eligible social impact projects. Projects must successfully meet target outcomes, as demonstrated by an independent evaluator, making the US Treasury an end payor in these projects. Further, 50 percent of the funding for social impact partnerships is earmarked on programs that explicitly benefit children. SIPPRA also states that no more than $15 million of the funds may be used for program evaluation and no more than $20 million can be used for administrative costs over the next ten years.

To qualify for social impact partnership funding, the project must lead to measurable outcomes that produce social benefit and government cost savings. However, how this will be measured or defined is still undetermined. The project may support a range of social outcomes, such as increasing rates of high school graduation, reducing rates of homelessness, or improving early childhood development among low-income families.

According to the bill, sites applying for this funding should be ready to begin a project; have found the project feasible; and have developed a comprehensive plan for program implementation, payment terms, and evaluation. The grant decision will likely be based on the project’s likelihood of achieving the stated outcome, expected government savings, and the expected quality of the evaluation (among other considerations).
Feasibility Funding

Up to $10 million is available to support feasibility studies for potential future projects. The grant will only cover up to 50 percent of the estimated total cost of each feasibility study.

Feasibility funding is available to projects in the early stages of development. Applicants must detail the anticipated program design as well as estimates of the costs, outcome measures, timeline, and other factors related to the intervention. The proposals will be evaluated on their likelihood of achieving the outcomes, the value of the outcomes, and potential savings to the government.

WHAT DOES THIS MEAN FOR YOU?

SIPPRA provides an opportunity for states and localities to apply for funding to support their social impact projects. The majority of the funding is set aside for outcome payments for projects that have already been found to be feasible and have a plan for implementation. This makes SIPPRA a potentially good fit for sites that have completed their feasibility studies and are moving to start an eligible program but are trying to confirm an end payor. Sites interested in exploring the feasibility of a promising project should also consider applying, especially if they have confirmed another source of funding (or in-kind support) to cover half of the feasibility study’s cost.

WHAT IS THE TIMELINE?

SIPPRA was signed into law in February 2018, and funding is required to become available within one year of that enactment. The request for proposals is expected to be released in February 2019 in the Federal Register, and grant awards will be made within six months of receiving an application. The funding is available for projects that extend up to 10 years, enabling grantees to define outcomes that are realized over this period.

HOW CAN URBAN HELP?

The Urban Institute’s Pay for Success Initiative serves as a knowledge intermediary for pay for success projects at all stages of development and implementation. Urban’s team of experts works directly with government stakeholders, practitioners, and thought leaders to ensure that emerging pay for success projects are grounded in the best available evidence and developed according to current best practice.

If your question was not answered in this fact sheet or you are interested in ongoing guidance around these issues, please contact the Pay for Success team through our website at https://pfs.urban.org/ask-expert or send an email to payforsuccess@urban.org.

ADDITIONAL READING

Budget bill pushes through groundbreaking evidence-based provisions
Mayookha Mitra-Majumdar urbn.is/2DX855I

SIPPRA Update: Appointments to the U.S. Commission on Social Impact Partnerships
Madeline Brown urbn.is/2uTgnVl

Five things to know about pay for success legislation
Justin Milner, Ben Holston, and Rebecca TeKolste urbn.is/2ODqQza