

BRINGING TOGETHER COLLECTIVE IMPACT AND PAY FOR PERFORMANCE A New Approach to Breaking the Cycle of Poverty

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Picture an isolated, dilapidated public housing project built 60 years ago as temporary shelter and now home to the city's poorest residents, most of them people of color. There are no nearby grocery stores, no convenient buses, not even a neighborhood fire station, and most young adults are not working or in school. Now imagine this community transformed into a vibrant mixed-income development with beautiful homes, robust businesses, and thriving, productive residents.

H OPE SF, San Francisco's signature anti-poverty and equity initiative, is translating that vision into reality in four public housing communities. It is doing so without displacing current residents but instead by engaging them in charting the course to a prosperous future and embedding comprehensive services that support them along the way. HOPE SF aims to ensure those services actually deliver results for a significant number of low-income people by tying payments to resident outcomes.

It is among the nation's first large-scale housing transformation collaboratives that invests both in people and place to disrupt concentrated, generational poverty and spur economic mobility. It is also the first initiative that marries the multi-strategy, cross-sector approach of collective impact and a pay-for-performance model.

The collective impact partnership that manages HOPE SF brings together leaders from the community, city government, philanthropy, and business, including the co-authors of this chapter (Fred Blackwell serves as the steward on the philanthropy side and Kate Howard is responsible for allocating the city's dollars that advance the HOPE SF vision.) Our partnership has taken on the challenge of combining collective impact and results-driven contracting for an urgent reason: San Francisco needs a completely new approach to break the cycle of poverty and ensure that low-income people participate in and benefit from the city's stunning growth and prosperity. Conventional anti-poverty, workforce training, and community development strategies have failed. Residents rightly expect something better.

The city has the nation's fastest rates of job growth and economic expansion and one of the highest levels of income inequality.¹ The average income for the top five percent of households was \$423,000 in 2013.² Meanwhile, HOPE SF communities in the city's southeast—home to 4,000 people, mostly of color—have a household median annual income of \$14,000.³ Cut off from opportunity, more than two-thirds of HOPE SF residents aged 16 to 24 are unemployed and either not in school or not on track to graduate. Many lack the training, work experience, and positive role models necessary to achieve financial security and sustainable livelihoods; they also are burdened by chronic trauma, and they distrust the systems that have let them down.

Against this backdrop, we in philanthropy and government recognized the need to shake up the way we do business in and with low-income communities. After decades of programs and services, it was painfully clear that disparate, narrowly focused interventions, created and implemented for residents, do not work. We need better tools and more powerful

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- 1 Jennifer Warburg, "Top Analysts Predict Another Year of Growth for SF Economy," SPUR News (February, 15, 2015), available at www.spur.org/news/2015-02-20/top-analysts-predict-another-year-growth-sf-economy.
 - 2 Alan Berube and Natalie Holmes, "Some Cities are Still More Unequal than Others – an Update," Brookings Institution (March 17, 2015), available at www.brookings.edu/research/reports/2015/03/city-inequality-berube-holmes.
 - 3 LA Group: Learning for Action, "Hope SF Baseline Evaluation Report" (June 2012), available at http://sfmohcd.org/sites/default/files/FileCenter/Documents/7645-3-HOPE%20SF%20Baseline%20Data%20Report_Final_7%203%2012.pdf.

approaches that focus on results. We also realized that philanthropy and government had to embark on this venture side by side, in deep partnership with residents, with all of us committed to common goals, a clearly articulated set of outcomes we intend to achieve, and evidence-based solutions.

Through flexible dollars, philanthropy has the ability to seed new strategies, advance learning through evaluation, bring promising practices from the field, and apply the influence that keeps the needs of vulnerable communities as a top San Francisco priority. For its part, city government can use one of its most powerful tools—contracts potentially worth millions of dollars—to support, scale, and sustain programs that make a difference in the lives and economic prospects of vulnerable populations. For those of us concerned about race, place, and trauma in San Francisco, collective impact and outcomes-driven contracting is a powerful combination to address the shameful, wasteful paradox of a resource-rich, yet outcomes-poor, city.

COLLABORATIVE ACTION TO CLOSE THE OPPORTUNITY GAP

Let's talk first about the collective impact piece of our effort, which has guided HOPE SF since 2010. The framework is an important acknowledgement by partners across sectors that none of us, alone, can fix economic inequality, racial inequity, and concentrated poverty. Rather, it takes intentional collaborative action driven by the community and focused relentlessly on results. It takes long-term commitments. And it requires multiple approaches aimed at improving the lives of individuals and families, strengthening neighborhoods, and changing the systems that shape, and too often impede, opportunity. HOPE SF has identified five overarching, interconnected trauma-informed strategies: equitable mixed-income development, health and wellness, education, community building, and economic mobility. This final one, mobility, is the target of our first venture in paying for results.

Collective impact provides a natural framework for the venture, committing HOPE SF partners to focus on meaningful outcomes and use shared data to track them, continually improve performance, and make the case for systems change. The determined focus on results inspires a spirit of innovation not typically seen in large bureaucracies or multi-agency initiatives. It also got us thinking about bringing a pay-for-performance model

to the complicated environment of our multi-faceted, community-driven collaborative. We knew, of course, that previous models such as Pay for Success were based on single-issue initiatives. But life isn't so tidy. And in low-income communities, especially, the challenges pile up and compound one another. All need to be addressed, thoughtfully and simultaneously, if we want to get mobility and opportunity right.

We realized that results-driven contracting requires flexibility and creativity to ensure that our investments are evidence-based and that their outcomes are borne out by data. Moreover, we must do this while staying true to a core HOPE SF principle: engaging community voices in guiding the initiative's direction and in shaping programs. With technical assistance awarded by the Harvard Kennedy School Government Performance Lab, the HOPE SF team developed a results-driven payment pilot with one outcome in mind: improving economic mobility for young people aged 16 to 24 over the next five to seven years. We launched it in the spring of 2016.

PAYING FOR WHAT WORKS

We selected a group of providers, all of which have deep roots in the community, to form a collaborative, the Phoenix Project. It will pilot a model for comprehensive, integrated programming and multi-year intensive mentoring that uses data to track progress and improve outcomes. Collectively, the providers offer a full range of social, health, and workforce training services. But until they came together as the Phoenix Project, they ran separate, uncoordinated programs and did not have the capacity to use data to inform their decisions or measure client progress.

The two-year planning and ramp-up phase, supported by philanthropy and currently underway, focuses on developing the collaborative intervention and building the organizations' data capacity. At the same time, city agencies responsible for youth programming, human services, and workforce development have begun to align and restructure in order to support a new kind of contract with the Phoenix collaborative beginning in July 2018. That contract, which will be structured based on what is learned during the current ramp-up phase, will extend over multiple years and make payments based on outcomes, not activities or numbers of clients served.

A pay-for-performance contract will be a major departure for community-based service providers, who have historically received grant payments upfront and then reported on a set of activities upon completion of the grant period. To prepare them for the shift, our philanthropic partners have structured a planning grant to tie payments to specific benchmarks and deliverables in order to facilitate the discipline, coordination, and learning necessary to move the project in that direction. The grant is disbursed in four payments, contingent on the completion of key milestones. While these interim benchmarks are tied to the development and testing of program intervention as well as the new organizational and data infrastructure, the outcomes related to the 2018 contract will focus on social and economic wellbeing of the participants (increased income, educational completion, health and wellness, and reduction in convictions). We believe this interim grant structure will facilitate the discipline, coordination, and learning necessary for all partners to move in the direction of results-based payments.

We are enthusiastic about this joint approach because it allows us to both pilot new ideas and commit to long-term funding for those that work. The philanthropic partners are excited to support this initial phase because we have assurance that the city and county of San Francisco will pick up and increase funding after strategies are tested and scalable plans are developed. How many times have we funders supported programs, only to see them vanish when foundation support dried up? On the city side, we are excited about the opportunity to support services that have demonstrated they actually work for these young people in need.

Like many new marriages, this one faces challenges. Collective impact and results-driven contracting are complicated; joining them is a heavy lift. Service providers accustomed to going it alone must quickly learn to work in a tight, efficient collaboration marked by trust, shared goals and intended outcomes, and accountability to the people they serve. Government agencies and foundations, which have traditionally measured effectiveness by the number of clients on a roster, must realize that is not a mark of impact. What matters is how many people move to self-sufficiency and stay there. This is a huge change in thinking and practice.

But the opportunities are even bigger. Philanthropy and city government are fully invested in working together to move from a foundation-funded

pilot to a city-funded program, to broader systems change in the way San Francisco advances equity and inclusion. Phoenix Project providers rank among the most dedicated, effective, respected organizations in the community. And the young people we work with in HOPE SF communities remind us of what's at stake. Elizabeth Luna, a 23-year-old mother of two, struggled mightily to find a job. After participating in a HOPE SF workforce training program and working closely with her job coach, she landed a full-time position. Now she's thriving. "This program motivated and inspired me," she said. "It has changed my life."

In HOPE SF communities, many more stories should end this way. By elevating our collective impact practice, engaging communities as full partners, strengthening the capacity of service providers, and tying dollars to outcomes, we can build a city that works for all.

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