THE MEASURES OF A MOVEMENT

Investing for Results Now and Tomorrow

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What Matters is the fourth volume in a remarkable series imagined and published by the Federal Reserve Bank of San Francisco and its nonprofit partners, the Low Income Investment Fund, Urban Institute, Prosperity Now (formerly CFED), and Nonprofit Finance Fund. Although each book in the series shares the word "What" prominently in its title, the subjects addressed in *What Works*, *What Counts*, *What It's Worth*, and *What Matters* range from community development, to the application of evidence and data, to advancing financial wellbeing, to the use of outcomes-based funding.

What Matters is unique among its literary companions in being both the most focused and the most broad-ranging in its content. Its central idea seems narrow: to convert how we structure, finance, operate, and evaluate the delivery of social services to an outcomes-based approach to achieve better results, maximize efficiencies, leverage new sources of capital, and achieve unprecedented levels of scale. Yet its scope becomes as wide as human experience, as this approach is applied through 15 different tools to the work underway in at least a dozen sectors or specialties.

Despite their differences, the four books are all grounded in a common pursuit to identify and advance policies and practices that strengthen this nation's ability to create a better life for all Americans, with a special focus on those who are most vulnerable or disadvantaged. Each volume affirms that effective solutions are uniformly grounded in collaboration across pre-existing silos and the necessity of taking a collective approach. And the mission is framed as a work in process, almost always outlining what has already been accomplished as a prelude to what still needs to be done.

The authors of the essays in *What Matters* often write as if they have just started their exploration of how service delivery can be transformed by an outcomes approach. Few have more than a few years of experience behind them. They acknowledge how challenging it is to change systems, culture, and rewards. But they are united in their belief that this is the right direction. As Governor Deval Patrick states in his foreword: "This is not the easiest path forward. But the examples in this book point to its potential… Reorienting our social system around outcomes could finally honor the generosity of donors and the effort of nonprofit workers with the results they deserve and that our communities sorely need." And Antony Bugg-Levine, of Nonprofit Finance Fund, adds in his introduction, "Realizing this potential will require all of us to honestly acknowledge how many of our cherished practices and assumptions are accommodations to a broken system rather than necessary or beneficial."

AN OVERNIGHT SUCCESS THAT TOOK 50 YEARS

What Matters begins the story of how investing in results began by taking the reader back more than half of a century. David Erickson, of the Federal Reserve Bank of San Francisco, traces the modern community development industry back to the first community development corporations of the mid-1960s. "The idea was to fund local corporations that were rooted in and rooting for struggling communities....CDCs were nonprofit but subject to market discipline in pursuit of better local social outcomes and a stronger local economy." This appeal to market discipline is the procurer of today's outcomes-based funding movement, according to Erickson, and the basis of future community development expansions into new fields, particularly health. In her chapter, Emily Gustafsson-Wright, of the Brookings Institution, provides a detailed history, complete with timeline, that tracks how responsibility for service delivery moved from the public sector to nonprofit agencies. She also explores how the structure of this relationship evolved from paying for time and materials to rewarding specific outcomes tied to goals and programs funded or services delivered. Jaclyn Kelly and Margaret Ross-Martin, of Nonprofit Finance Fund, offer a helpful case study from New York City that outlines the opportunities and pitfalls associated with this evolution.

Daniel Barker, John Cassidy, and Winny Chen, of Monitor Deloitte, expand on this history with a vivid example of how and why

Tennessee used outcomes-based contracts to reinvent its child welfare system—saving money and improving results to document "the challenges of traditional funding models and how results-based funding improves on that model." They are the first, but not nearly the last, authors to describe the flaws in our current funding model, which too often fails not only to achieve the intended purpose but also "does not lend itself to knowing which programs work and which do not."

These authors present typologies of how the practice of outcomes-based funding has developed. Gustafsson-Wright explores how the scope of what counted as performance varied considerably "from statements of work based on performance outputs, to contract renewal based on outcomes, to a payment scale tied to degrees of performance." Performance-based contracts have evolved into new products that link financial rewards to outcomes, such as social impact bonds.

Barker, Cassidy, and Chen build on this by sharing three options for delivering rewards: incentive prizes and challenges; outcomes-based grants or contracts; and Pay for Success financing. They recommend that the mechanism chosen match the "social policy objective" by applying four criteria: nature of the problem; knowledge of the solution (how much do we know about what works?); time frame to achieve outcomes/make payments; and level of external resources and partners.

Annie Donovan, of the CDFI Fund of the U.S. Treasury, makes a crucial distinction between the role of funding—which requires no repayment—and financing—which requires repayment. In a typical Pay for Success transaction, "the money is loaned to the service provider for the period of service provision. The outcomes-based investor is then repaid by the government funder when the agreed-upon outcomes are delivered." For an investor to take this risk, there must be a reasonable chance of success based on demonstrated results to date. Donovan concludes that this type of financing "is not likely to be used to *create* social innovation, but rather to *scale* it." She cites community development financial institutions (CDFIs) as essential partners in promoting the innovation on which outcomes-based financing must depend.

The authors set the stage for the next section by affirming the superiority of investing for results over other approaches. In Gustafsson-Wright's view: "Outcomes-based funding has enormous potential to help achieve equitable access to quality social services. The greater focus on outcomes can lead to flexibility, innovation, and adaptive learning in service delivery, and an emphasis on evaluation can enhance transparency in social spending and facilitate funding what works." Barker, Cassidy, and Chen remind us what is necessary to realize this potential: "An important step to leveraging this growing body of evidence will be to develop a common language in describing outcomes and measuring performance."

WHY RESULTS MATTER

Authors from multiple sectors and disciplines share their opinions on why outcomes-based funding is important and what difference it can or does make in the design and delivery of programs. Michael Weinstein, of ImpactMeasures, and Jacob Harold, of GuideStar, ground their arguments in the power of data themselves to build knowledge and improve practice. Weinstein describes how The Robin Hood Foundation's entire philanthropic practice is shaped to measure the outcomes produced by grantees that aim to reduce poverty and that by "assigning a dollar value to 'monetize' each outcome," the foundation finds "that it makes judgments explicit." Harold eloquently captures the unspoken power of data to shape our world: "How we organize information matters for how we understand the world, and how we act on it. Nowhere is this truer than in the work of social good."

How data and evidence inform public policy is championed by many, including President Obama, as David Wilkinson, who led the White House Office of Social Innovation, recounts in his description of both the rationale and methodology deployed by his office. "Results-driven, collaborative, person-centered approaches are all part of what we've referred to as social innovation" in the eight years in which the Obama administration invested millions of public dollars in workforce development and educational programs to advance an outcomes approach. Wilkinson believes that today the field has "achieved proof of concept," a perspective echoed by Erica Brown, Kathy Stack, and Josh McGee, of the Laura and John Arnold Foundation, in their description of the game-changing approach embodied in the Investing in Education Initiative at the U.S. Department of Education (DOE).

In short, this program made a twofold commitment to both use and produce evidence of how to close the achievement gap for disadvantaged students to make progress in this decades-long struggle at a faster rate than ever achieved before. The DOE began by structuring partnerships between the research/evaluation team and the program staff. The design of projects mirrored this partnership, with evidence used to inform design and evaluation charged with creating new knowledge to inform the next iteration of program design. Brown, Stack, and McGee believe that evidence-based policymaking is a "dynamic, long-term pursuit of outcomes that requires sustained focus on using data and evaluation to learn and continuously improve approaches to addressing important problems."

But just because it is important doesn't mean that it is easy or that structural and systemic changes aren't still necessary to take this approach to scale. Tamar Bauer and Roxane White, of the Nurse-Family Partnership, mince no words when they pronounce that "Pay for Success may be the most grueling growth strategy we will someday celebrate." Even though the Nurse-Family Partnership was a program designed to measure metrics from the start, with a commitment to building evidence every step of the way, it still found that it "had to put its performance management 'on steroids' to meet the requirements of Pay for Success projects."

Molly Baldwin, of Roca, describes the soul-searching and organizational transformations that were necessary for her youth development organization to actually achieve the mission for which it was founded. This required "a systemic cycle of research, design, action, and use of data for the continuous improvement" of its model, which involved integrating "evidence-based practices from behavioral health, criminal justice, community corrections and reentry, medical and mental health, and workforce development." The rigor and sustained focus on data led her organization to participate in a Pay for Success program for juvenile justice, which is now considering a national expansion. Again, a process not for the faint of heart.

Andy McMahon and Stephanie Mercier, of CSH, use their experience to explain how the Pay for Success model solves one of the most vexing quandaries in social services: the "wrong pockets" problem. Given the complexity of how problems are solved, services delivered, and costs incurred in the social service sector, it is often true that "the entity investing the resources in an intervention is not the sole—or even primary—beneficiary of the program's success." This dilemma has profound implications for the behavior and priorities of institutions and programs in terms of collaboration, budgeting, and service delivery, and often works against the very outcomes the agencies aspire to achieve.

At the heart of this solution is the fact that Pay for Success offers "a mechanism through which the comprehensive needs and costs of a particular target population are assessed and budget allocations agreed prior to implementing an intervention." Yet McMahon and Mercier also raise challenges to success, including structural barriers created by historic funding patterns and the lack of data to track outcomes.

Kerry Sullivan, of the Bank of America Charitable Foundation, urges us to challenge these historic patterns by funding outcomes measurement and supporting nonprofit leaders to make the changes necessary to be able to track meaningful data. She recognizes that nonprofits cannot bear the cost of this transformation alone: "Monitoring and evaluation are at the very heart of an outcome-focused approach, and nonprofits can ask to be compensated to cover this work."

Wilkinson outlines the structural reasons why these projects are so challenging: the lack of incentives to reward outcomes in our existing systems; the barriers created by our categorical approach to funding and compliance; and the lack of capacity among both public-sector and nonprofit staff to manage the data, evaluation, and outcome measurement that this approach requires. He proposes specific actions to address each factor to produce "an enabling infrastructure" that ties funding to outcomes, promotes cross-program/-sector collaboration, and provides training and technical assistance in the skills necessary to succeed. Capacity-building is endorsed by Sullivan: "(V)aluing and investing in nonprofit leadership is critical to the success of the sector and how we will make the shift to focusing on outcomes."

Caroline Whistler, Third Sector Capital Partners, Inc., and Matt Gee, BrightHive, cut to the core of the structural challenges by stating that if the government wants to invest for results, "it needs to solve the dual problem of how it procures information technology (IT) and how it contracts for services." They agree with Gustafsson-Wright and Barker, Cassidy, and Chen that these changes enable governments to purchase value in place of a focus on managing costs or tracking compliance. They make the powerful connection that IT systems must mirror the service integration of providers by bridging data silos if they are to deliver the information necessary to truly track and assess effectiveness and impact.

Zia Khan, of The Rockefeller Foundation, deepens this analysis by underscoring the complex interplay between the "rules" of the game and the "underlying rituals" that so often determine the fate of any change effort. When assessing the difficulty of changing systems, he accords necessary importance to "whether the emotional dynamics of what it takes for people to change behaviors are factored into the change strategy." If we believe in the wise words of Peter Drucker that "culture eats strategy for lunch," we should listen to Khan's advice to ensure that existing rituals "can be channeled to drive the change instead of being a barrier," such as sharing stories of impact to motivate people to change the way they do business. He brings us back to Barker, Cassidy, and Chen's recommendation for a shared language earlier in the book when he states: "What's also needed is the informal sense of shared values, common language, and trust in others' intentions to tackle the issues and problems that emerge."

What about the end game? Wilkinson states: "These tools and approaches can help us build a country that is more just, a society that is more equal, and communities that are stronger." Bauer and White concur: "If a provider delivers on the promise of Pay for Success and meets outcome metrics, government should make success payments and also commit to sustaining services going forward. That would be truly transformative." Whistler and Gee add: "There is a structural inertia that makes a culture of innovation both elusive and incredibly scalable if we are able to drive that inertia toward outcomes for the largest organization in service of humanity.... We have the opportunity to ignite a public-sector innovation revolution in our lifetime."

HOW DO I MEASURE AND FINANCE SUCCESS? LET ME COUNT THE WAYS!

The process that led to the focus on investing in results for the delivery of services and the investment in building evidence and data infrastructure to capture outcomes has led to multiple innovations in philanthropy, public and private financial products, and capital market opportunities. Tracy Palandjian, of Social Finance Inc., opens this section by describing how social impact bonds launched the tide of financial innovation in this country after importing the model from the United Kingdom. She highlighted the impact of their design: "Social impact bonds are predicated on aligned incentives for all involved stakeholders. They allow governments to focus on preventive services, nonprofits to scale, and investors an opportunity to make an impact."

Yet Palandjian echoes the constructive criticism of Bauer and White and Baldwin that the social impact bond, as currently implemented, is too complex to scale efficiently. In response, three variations on the structure of social impact bonds are recommended: the social impact guarantee, outcomes rate cards, and the impact security. George Overholser, of Third Sector Capital Partners, Inc., advocates that we flip the social impact bond so that the government provides funding at the start of the project and private investors provide funding—if necessary—at the end, thereby turning the tool from a financing instrument into a form of insurance. While the social impact guarantee has yet to be tried, Overholser believes that it deserves investment to "simplify the contracting process, lower project costs for governments, and tap into the immense world of mainstream insurance."

Metcalf and Levitt present another British tool known as outcomes rate cards. Skipping the capital markets completely, service providers can use these cards to collect payments based on reimbursement rates, or prices, set by public agencies in return for achieving specific outcomes. Lindsay Beck and Catarina Schwab, of NPX, and Anna Pinedo, of Morrison & Foerster, recommend a replacement for the social impact bond known as the "Impact Security" which is "a novel financial product that explicitly links financial returns with social and environmental impact" targeted to social investors. This product is designed to keep the focus on outcomes but offers a simpler, easier structure that can be sold publicly as a standard debt instrument with repayments linked to achievement of results.

Other financial innovators are adapting the structure of social impact bonds to the needs of specific sectors. Beth Bafford, of the Calvert

Foundation, Mark Kim, of DC Water, and Eric Letsinger, of Quantified Ventures, tell the Story of DC Water's environmental impact bond, issued last September, which is not only the first environmental impact bond but the largest Pay for Success transaction done to date in the United States. The environmental impact bond's unique structure transfers the risk from issuer to investor by embedding a "two-way contingent payment feature into the bond itself, the first time a tax-exempt municipal security explicitly tied financial payments to measurable outcomes." The implications of this innovative structure are potentially profound in the way that it "can support public officials in their embrace of innovation when the status quo is proven but the alternative has the potential to deliver better long-term results."

Several articles describe and analyze the role of prize competitions to advance efforts to finance outcomes while also modeling new methods of philanthropy and public-sector procurement practices in service of big social goals. Prizes are hosted by philanthropists, governments, and entrepreneurs and differ according to three models: resource prizes, incentive prizes, and recognition prizes, with incentive prizes often getting the most attention. Reyna Reed Wasson, of the Children's Prize, reflects on their impact: "Resource and incentive prizes have enormous potential for addressing the problems that vulnerable populations face…and can shine a spotlight on problems that have plagued humanity forever, but are not very sexy."

Experience to date has shown that prizes bring new human capital into the task of solving social problems by disrupting how the government does business and leveraging capital that wouldn't normally engage with government. Jennifer Bravo, Christopher Frangione, and Stephanie Wander, of the XPRIZE Foundation, explain that prizes involve "small teams of innovators…creating breakthroughs that touch the lives of billions, tackling challenges and solving problems once thought to be solely the domain of governments." Prize advocates freely admit that they don't work for every issue, with clean energy, education, and public health being the areas of highest promise.

Prizes also have some unexpected benefits. Jenn Gustetic, of NASA, says "the increased use of prizes within the government is also encouraging broad discussions of outcome-driven procurement approaches." Finally, Ruth Levine, of Hewlett, offers a variation on the idea of prizes with advance market commitments, which create financial incentives for companies to conduct research and development and manufacture "products where the social value exceeds the perceived willingness to pay." Proven effective in developing economies, advance market commitments offer a price guarantee to create a positive net present value for firms while providing protections to keep the price affordable in the long term.

Four articles explore innovations to existing capital market and impact investing products. Terri Ludwig, of Enterprise Community Partners, Inc., urges us to build on the successes achieved by leveraging the tax code through the Low Income Housing Tax Credit and New Markets Tax Credit now used to develop the built environment for social services. She advocates adding "bonus credits" for achieving outcomes related to financial security, health, or education tailored to community needs and the interests of social investors.

Maggie Super Church, of CLF Ventures, affirms Ludwig's use of a "creatively assembled capital stack of tax credit equity, multi-sector partnerships, and local support" with her description of the Healthy Neighborhoods Equity Fund's investments in projects that aim to integrate multiple uses to achieve transformative outcomes. She measures over 50 outcomes for each investment and believes that "the concept of a blended capital stack can be replicated nearly anywhere. Individual and institutional investors, including bank, hospitals, and health systems, can bring new resources to the table, bolstered by first-loss capital from the public and philanthropic sectors."

Nancy Andrews, of the Low Income Investment Fund, proposes a new financing product, Equity with a Twist, to empower "community quarterbacks" with operational flexibility. "At the highest level, [it] is intended to demonstrate that integrative, outcomes driven approaches can alleviate poverty." Appealingly, it is also "meant to be much more user friendly than current outcomes based capital tools like social impact bonds or Pay for Success structures."

Kimberlee Cornett, of The Kresge Foundation, outlines the origins and appeal of the Strong Families Fund, "a Kresge–led, multi-partner effort to fund up to 10 years of resident service coordination in Low Income Housing Tax Credit (LIHTC)–financed family housing through a pay-for-performance, incentivized loan structure." The fund has been a work-in-progress but offers a larger lesson for those interested in pursuing the strategies in the book: "New products and fund structures take much longer to be accepted in the marketplace" than we might expect.

LET MANY FLOWERS GROW THEIR IMPACT

The essays that chronicle the progress among practitioners in adopting an "investing for results" approach affirm that most of the field is still in the startup stage of this work. The application of outcomes-based tools varies by sector, with success tied to the ability to customize the structure and measures of success. Practitioners affirm the benefits of data analysis and a knowledge of what works, both on internal operations and how they are regarded in the marketplace, as strong outcomes drive program expansion and access to capital. However, the impact of outcomes is much less certain in terms of influencing policy change.

The evidence is clear and compelling that the big prize is in the health care sector. Five essays address different elements related to health outcomes. Tyler Norris of the Well Being Trust and Jme McLean, of Mesu Strategies document the financial stakes of an industry that spent $3.2 trillion in 2014 with a consensus that only 20 percent of health status results from access to medical care. They add: "The primary factors that shape health outcomes are the same ones that drive economic opportunity: equitable access to education, housing, transportation, and healthy foods, reducing stress, and improving public safety." Thus, a multi-sectoral strategy that addresses all the factors affecting health is the only way to achieve meaningful improvements while addressing cost. To achieve this, Norris and McLean call for "building a market for health outcomes that complements the existing marketplace for health care services. A marketplace for health outcomes would supply community members with the social and economic opportunities that are upstream from health."

Peter Long, of Blue Shield of California Foundation, builds on this essay with a call to radically improve the nation's capacity to measure health outcomes in a way that incorporates all we know about the broader social determinants and "promotes meaningful collaboration among health care providers and across other sectors to address complex health issues." When it comes to funding this broader approach to realizing health outcomes, Allison Hamblin, of the Center for Health Care Strategies, cites "state Medicaid programs as among the most bankable beneficiaries of any number of social impact investments." She recommends the use of Pay for Success as the onramp to leverage Medicaid funding and align with a growing trend in health care to tie payments to the delivery of value in health outcomes. She also speaks directly to service providers when she says: "Given this uniquely American preference to spend money on health care at the expense of other social services, Pay for Success may provide one mechanism for diverting some of those health care dollars back into the social service sector." The potential of Pay for Success is even raised as a solution to the opioid crisis by Katherine Klem, of the Institute for Child Success.

Early childhood education, child welfare, criminal justice, workforce development, and supportive housing are all sectors that have been early adopters of outcomes-based research and funding strategies. Janis Dubno, of the Sorensen Impact Center, describes a Pay for Success project in Salt Lake City that influenced the state legislature to increase its funding by $33 million over three years to help low-income children attend preschool. The child welfare field has worked with performance-based contracts over the years and is engaged in several social impact bond projects. Susan Snyder, of Georgia State University, believes that "social impact bonds could effectively support the widespread use of preventive interventions."

Carrie McKellogg and Carla Javits, of REDF, advocate for the power of social enterprise to achieve significant outcomes to accelerate effective workforce development programs. And Louis Chicoine, of Adobe Services, details the travails of negotiating a Pay for Success project for permanent supportive housing and candidly outlines both the strengths and weaknesses of the deal.

Kate Howard, of the city and county of San Francisco, and Fred Blackwell, of the San Francisco Foundation, describe HOPE SF as "the first initiative that marries the multi-strategy, cross-sector approach of collective impact and the Pay for Success model." The project, which focuses on disconnected youth aged 16–24, parallels the commitment demonstrated in the health sector to create a structure that aligns all the systems that must work together to make a meaningful change in their lives. This ambitious commitment and vision is shared by Prabhjot Singh and Anna Stapleton, of the Arnhold Institute for Global Health, who predict that the switch from health to health outcomes "will require a massive cultural shift within both medicine and the social service sector, away from old thinking that segregated clinical and social needs and into a new understanding of the human whole."

PUTTING RESULTS IN THEIR RIGHTFUL PLACE

All of us whose careers are dedicated to expanding social and economic justice and opportunity in this nation would agree that we are all better off when we know "what works" best to achieve our missions. We also realize the essential role of all types of data—organized in ways that enlighten, rather than obscure—in revealing "what counts" in determining our effectiveness and, ultimately, our impact. As Kelly Fitzsimmons, of Project Evident, reports from a 2016 market survey of nonprofits: "Contrary to conventional wisdom, nonprofits want to build evidence and evaluate, not…to meet grant requirements (eight percent) or to remain accountable to external stakeholders (18 percent)…but to improve performance (90 percent) and to verify intended impact (96 percent)."

Over the past decade, virtually every sector or field has come to understand that their outcomes rely in part or almost entirely on factors out of their direct control—an insight that is captured by the social determinants of health. This truth is eloquently shared by Susan Dreyfus, of the Alliance for Strong Families and Communities: "The social determinants of health are the social determinants of life."

What Matters tackles the looming question of how we embed an "investing for results" mindset and tools that are necessary to structure, finance, and assess this type of service integration into all our institutions. These essays are both aspirational and constructively critical, as they frame out the opportunities and the barriers to achieving this transformation in practice, policy, and culture. They all begin with the assumption, best captured by Jeremy Keele and Sara Peters, of the Sorenson Impact Center, that "outcomes provide a common language with which state and local governments and the nonprofit, private, philanthropic, and academic

sectors can communicate their shared and competing visions and expectations of public programs and services." Carol Naughton, of Purpose Built Communities, offers a compelling outcomes-based strategy that uses this common language to marshal the many partners and resources needed to tackle concentrated poverty in neighborhoods across the country.

At the same time, many of the writers are candid that outcomes are not the sole metric for designing and evaluating programs and policies. Gordon Berlin, of MDRC, draws upon his nearly four decades of evaluation experience: "Outcomes alone are often not a reliable metric for judging the effectiveness of social investments." He draws careful distinctions between the "gross outcomes" and "net impacts" of evaluations, where the latter provide the data that determine if the intervention actually drove the outcomes or if they resulted from multiple other factors. Yet this level of rigor is commonly unrealistic for the majority of service providers, who lack the data infrastructure and analytic capacity needed to conduct it.

Jodi Halpern, of the University of California, Berkeley, and Douglas Jutte, of the Build Healthy Places Network, caution that adhering to outcomes metrics isn't enough. The moral and ethical implications of how those metrics are defined and delivered should be part of the conversation as well. "What matters ethically is not just the value of a stated goal in the abstract, but the specific pathways to meeting these goals." Building on that point, Megan Golden of Mission: Cure Pancreatitis, and Jitinder Kohli and Samantha Mignotte, of Monitor Deloitte, warn against conflating cost savings with value. Making that mistake "can lead to missed opportunities to fund programs that can solve some of our nation's most pressing problems [and]…risks enshrining the status quo rather than shifting government resources to more effective programs."

This gap between aspirations and reality is most consistently articulated in the multiple essays that are devoted in whole or in part to social impact bonds. Several articles in earlier sections of the book outlined the pros and cons of specific transactions—the Nurse-Family Partnership in South Carolina, child welfare programs in Connecticut and Tennessee, supportive housing to address homelessness, and a collective impact model for opportunity youth in San Francisco. Four articles consider social impact bonds and other outcomes-based funding models on a more systemic basis and reach some dramatically different conclusions.

David Merriman, of Cuyahoga Job and Family Services, recounts how his agency pioneered the application of the Pay for Success model at the county level. Although they encountered logistical, political, and staffing challenges along the way, Merriman is convinced that these models "make us more responsive to the needs of our clients and communities" and offer the platforms to "focus on impact over compliance, develop meaningful goals instead of achievable outputs, and commit the time and resources to work through decades of failed policies."

Keele and Peters underscore how the dramatic improvements in access to data and analytical tools provide the foundation for today's focus on outcomes and are the major drivers of outcomes-based funding tools. Although "outcomes have the potential to transform our relationship with state and local government," there are major and significant weaknesses inherent in relying on outcomes that range from "who owns them" to the lack of data infrastructure in most state and local governments. They remind us that "this field is still in its infancy; transforming the public sector into something more results-focused and measured is going to take many iterations."

The most comprehensive critique of social impact bonds is delivered by Richard McGahey, of the Institute for New Economic Thinking, and Mark Willis, of the Furman Center for Real Estate and Urban Policy at New York University. Although social impact bonds are clearly the hottest social impact fad since their introduction five years ago, there are fewer than 50 projects to date, and many are not meeting expectations. McGahey and Willis agree with the need for the stated benefits of social impact bonds—innovation, performance improvement, new funding sources, and high-quality evaluation. However, they believe that "social impact bonds and other Pay for Success approaches are drawing too much philanthropic, governmental, and nonprofit talent and creativity at the cost of other support for social innovation."

If we aspire to a future filled with scaled programs and policies with demonstrated effectiveness and results, we all have a role to play. Fitzsimmons outlines a new philanthropic agenda that puts the grantees at the center of program design and evaluation, practices patience and long-term investments, and is based on the belief that "the road to higher impact is paved with incremental improvements." Muzzy Rosenblatt, of the BRC, challenges the nonprofit sector to "manage with data, not to it" in ways that are forever in search of the results that "improve the lives of those we serve, consistent with our missions." Both the private and public sectors can achieve "standards of excellence" by implementing data and evaluation practices and policies outlined in the type of indexes created by Results for America co-founder David Medina.

It is the essay by Kristin Giantris and Jessica LaBarbera, of Nonprofit Finance Fund, that succeeds in bringing all these threads together to present a balanced and realistic path forward to "reorient our system around outcomes in a responsible way." They acknowledge the cumulative impact of the lack of investment in the social sector over decades, and how this compromises its ability to measure outcomes. They start with an inclusive assumption: "Instead of focusing on who is already 'ready,' we will need thousands of organizations to move up the continuum of readiness." They agree that all sectors need to do their part to advance "coordinated change across the social system" and welcome multiple models for making this transition.

This book is a giant step forward in advancing a movement that puts results at the heart of how we promote social and economic justice and opportunity in this nation.

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