Social Impact Partnerships to Pay for Results Act
Briefing Paper

Background

Signed into law as part of the 2018 Bipartisan Budget Act, the Social Impact Partnerships to Pay for Results Act (SIPPRA) aims to improve social services by linking federal funding to verified outcomes. Under this “pay for results” model, the government makes a payment only if an evaluation demonstrates that the project caused the agreed-upon outcomes. Applicants must use non-federal funds to cover the initial costs of the project. Since 2018, the Department of the Treasury (Treasury) has released two Notice of Funding Opportunities (NOFOs), the first in January 2019 and the second in November 2023. A third NOFO is expected to be released in Federal Fiscal Year 2026 (FFY 2026).

On March 10, 2026, the Treasury published an Information Collection Request (ICR) to gather public comment on the proposed FFY 2026 SIPPRA NOFO. For the FFY 2026 NOFO, the Treasury is expected to award $10.2 million for grant programs carried out over 48–60 months. An additional $1.6 million will be awarded to fund mandatory independent evaluations, which are funded regardless of whether a project meets its final performance targets.

A SIPPRA grant would enable the Texas Workforce Commission (TWC) to leverage federal funding to advance the core mission of workforce development and economic self-sufficiency. Because the Treasury provides the funds as "success payments," TWC would be able to pursue high-impact objectives—such as increasing earnings for low-income individuals, improving employment outcomes for individuals with disabilities, or reducing reliance on public assistance—using private funds rather than existing revenue sources. Such alignment with TWC’s primary goals will help to ensure that the agency is able to aggressively target specific social outcomes defined in the grant while ensuring that taxpayer funds are only spent on programs with proven, measurable results that directly benefit the Texas economy.

To qualify for a SIPPRA grant, a project must demonstrate measurable results that provide social benefits and financial savings at the federal, state, or local level. Several of the possible outcomes align closely with the vision and goals of TWC and the state of Texas, such as:

- Increasing work and earnings by individuals who are unemployed for more than 6 consecutive months;
- Increasing employment and earnings of individuals who have attained 16 years of age but not 25 years of age;
- Increasing employment among individuals receiving federal disability benefits;
- Improving the employment and well-being of returning United States military members;
- Increasing work and earnings by individuals who are not participating in the labor force for more than 6 consecutive months.
- Increasing the persistence in paid, self-sufficient employment for individuals who have exited a federally funded public workforce program in the last six months.
- Increasing the number of individuals who participate in a registered apprenticeship while co-enrolled in the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) program.

Program Design
As stated, SIPPRA is a "pay for results" program where the federal government provides funding to state and local governments only if a project achieves specific, measurable social outcomes that result in federal "savings" (reduced outlays). Under this model, the government pays for the *value* of the outcome after it is achieved and verified. Therefore, outcome valuation and independent evaluation are two key components of a SIPPRA project.

1. Outcome Valuation
   The proposed FFY 2026 NOFO requires applicants to use a Budget Impact Analysis (BIA) to determine the financial value of the project to the federal government. This methodology estimates anticipated changes in federal spending and revenue and includes the following:

   - *The Valuation Period*: Applicants select a period of up to 10 years from the start of the intervention to calculate value.
   - *The Payment Cap*: The federal outcome payment cannot exceed the calculated "value to the federal government."
   - *Three-Step BIA Calculation*:
     1. Estimate Target Population Baseline: Determine current federal outlays (e.g., SNAP, Medicaid, EITC) and revenues generated by the target population in the absence of the intervention.
     2. Estimate Project Intervention Impact: Calculate how those outlays and revenues will change as a direct result of the project (including potential increases in costs, such as refundable tax credits for newly employed participants).
     3. Calculate Total Value: Value = (Change in Spending) + (Change in Revenue).
   - *Documentation*: Applicants must submit an unprotected spreadsheet containing all of the formulas, data sources, and literature citations used to justify the estimates.

2. Independent Evaluation
   Rigorous evaluation is the cornerstone of SIPPRA. The Awardee must prove that the outcomes were a direct result of the intervention. Evaluation design includes the following:

   - *Independent Evaluator*: The applicant must contract a third-party evaluator with no financial or personal ties to the project.
   - *Funding for Evaluation*: The Treasury provides a separate grant (up to 15% of the project award) to pay for the evaluation. This is paid regardless of whether the project achieves its outcome goals.
   - *Methodology*:
     - Experimental Design: Randomized Controlled Trials (RCTs) are preferred as the most rigorous method.
     - Quasi-Experimental Design: If an RCT is not feasible, the applicant must explain why and use high-quality alternative methods.
   - *Evaluation Design Plan*: A mandatory 10-page (max) attachment detailing research questions, data collection, and plans to mitigate challenges.
   - *Reporting*: The evaluator must submit annual progress reports (starting two years after approval) and a Final Evaluation Report within six months of project completion (no later than March 2033).

Application Requirements

The SIPPRA application involves a complex submission process that requires both standard federal grant forms and highly specific technical attachments. Applications must be submitted via Grants.gov and include several mandatory components:

1. Project Narrative (20-Page Limit)
   This is the core proposal and must include an executive summary with project dates, requested amounts, and outcome targets; a project timeline; a service delivery plan; proposed payment terms; and target populations, including eligibility criteria and recruitment methods.

2. Project Budget
   A complete estimate of how much will be spent over the course of the project.

3. Partnership Agreements and Qualifications
   The Partnership Agreement is a draft or executed Memorandum of Understanding that defines roles and data-sharing protocols and includes a statement that all partners understand that they only get paid if outcomes are met. All project partners must be included in this agreement; however, for partners that have not yet been finalized, letters of intent stating commitment to enter into such agreements if awarded are acceptable. If the applicant must use a procurement process to select project partners, the applicant may submit the process that they will use to select the partners and verify that the process meets all requirements.

   Applicants also must provide a description of the expertise of the project partners, including for the service provider (capacity to deliver), the intermediary (experience in performance-based awards and tracking results), and the investors (experience in raising private and philanthropic capital to fund social service investments).

4. Evaluation Design Plan (10-Page Limit)
   A plan written to demonstrate high-quality design, including the selected evaluation strategy, the metrics that will be used in the evaluation to determine whether the outcomes have been achieved as a result of the intervention, and key outcomes and outcome targets.

5. Independent Evaluator Qualifications and Contract
   Applicants must provide a description of the evaluator's experience with the data to be used during the project and rigorous causal impact evaluations. The contract/agreement must include a plan for data access and a payment schedule for the evaluator. If the applicant is unable to execute an agreement prior to the application deadline, a description of how the evaluator will be procured must be included in the application. Such description must include a list of potentially suitable evaluators, the steps for procuring the evaluator's contract, and a reasonable timeframe for procuring the evaluator's contract.

6. Outcome Valuation (Budget Impact Analysis - BIA)
   An attachment detailing the outcome valuation of the anticipated outcomes, including the estimated total value and savings, estimated value and savings per project participant,

estimated value and savings per dollar spent on the intervention, and the methodology used by the applicant in arriving at such estimates.

Feasibility

After reviewing the draft NOFO, staff believe that it is feasible to submit a quality SIPPRA application and implement a successful SIPPRA grant in Texas. The most efficient model for achieving this is the procurement of an intermediary that would prepare the SIPPRA application, recruit private investors, manage the investment portfolio, raise and collect funds, partner with service providers and an evaluator, and track and analyze project performance. This model greatly reduces the financial and operational impact to TWC, as the intermediary would carry a majority of the operational, financial, and contractual responsibilities.

TWC would be responsible for submitting the SIPPRA application, participating in data-sharing and periodic governance meetings, and developing at least one of the required agreements with the intermediary to operationalize the project and its performance management activities.

Application Submission

Under the FFY 2024 NOFO, the Treasury provided applicants five months from the date of publication to submit their applications. However, in the ICR published in March, the Treasury asked whether prospective applicants would favor a shorter window of time to submit their applications, which would leave more time for project implementation, or conversely, if they favor a longer application timeframe (*e.g.,* six to nine months), which would give applicants more time to submit their applications, but less time for project implementation. Some comments that were received expressed the desire for a shorter application window, but only if the Treasury were to adopt a more streamlined application process.

The statute does not permit the Treasury to obligate funds beyond February 2028. According to the ICR, the deadline to submit applications is expected to occur in early 2027; however, there is no way to predict how the submitted comments may impact the NOFO publication date, the deadline for application submission, or the application process. Regardless, TWC staff believe that the agency would be able to apply on time.

Procurement

The most time-intensive part of developing the SIPPRA application would be identifying and selecting an intermediary to operate the SIPPRA grant. For this, TWC must use either a competitive or sole-source procurement process. Staff have learned that both the Delaware and New York SIPPRA projects were able to sole-source their intermediary, though it is possible TWC would be required to competitively procure an intermediary.

In such a case, it is likely the agency would utilize a Request for Proposals (RFP) on the open market. Because the intermediary would be responsible for coordinating with service providers and the evaluator, TWC would not need to issue a Request for Applications. Issuing a Request for Information (RFI) could also be useful to gauge interest from potential intermediaries.

The procurement process is likely to take from six to nine months from initial project kick-off to award execution. Even so, as currently drafted, the NOFO states that if the Applicant must use a procurement process to select project partners, the Applicant has the flexibility to submit the process that they will use to select the partners and verify that the process will meet the requirements, instead of submitting the executed partnership agreement. Thus, the agency's procurement process would not have to be complete at the time of application submission.

Ideally, the intermediary would be fully procured and be able to draft the SIPPRA application prior to the submission deadline. If the application window does not allow for this, then the agency would be responsible for drafting the application.

Implementation

Implementing a SIPPRA grant would involve adopting a highly rigorous, outcomes-based operational model, requiring the prioritization of data integrity and program fidelity. The intermediary would be required to track participant outcomes over several years and implement real-time performance management focused on specific targets. By focusing on service fidelity and supporting the evaluator's analysis, the agency can ensure that the program stays on track to achieve the validated social impacts necessary to receive a federal outcome payment.

TWC would be responsible for submitting biannual performance reports and may require these be drafted by the intermediary. Additionally, the independent evaluator would be responsible for providing annual progress reports and a final evaluation report. The final evaluation report must be submitted within six months of the project's conclusion (by March 2033 at the latest). The report must offer a thorough assessment of the project's effects and findings, including confirmation that all of the project's outcomes and recipient obligations have been successfully fulfilled.

Operational Impact

Because the intermediary would be responsible for managing most of the SIPPRA grant's operational, financial, and contractual responsibilities, the impact on TWC staffing would be minimal. At a minimum, TWC staff would be needed to perform the following functions:

- Submit a SIPPRA application to the Treasury.
- Review and approve the intermediary's program design.
- Participate in a data-sharing agreement with the project partners, including the intermediary, service providers, and independent evaluator.
- Manage up to two procurements, if required, and two contracts or agreements.
- Participate in governance meetings.

Staff anticipate that any impact from this work could be absorbed using existing resources. However, if the timing would not allow for TWC to successfully procure an intermediary prior to the application deadline, the agency may need to dedicate additional resources to draft the SIPPRA application. This would require analytical, legal, workforce, and financial expertise from various divisions during the application period.