U.S. DEPARTMENT OF TREASURY

OFFICE OF ECONOMIC POLICY

SOCIAL IMPACT PARTNERSHIPS PAY FOR RESULTS ACT (SIPPRA)

BENEFIT-COST ANALYSIS

What is SIPPRA?

In 2018, Congress appropriated $100 million to Treasury to implement the Social Impact Partnerships to Pay for Results Act (SIPPRA), a new grant program designed to improve social services and encourage funding programs that achieve tangible results.

What is the "Pay for Success" Model?

In the pay for success (also referred to as pay for results) model, the grantor agrees to make payments only if specific, pre-determined, measurable outcomes are achieved. If the intervention does not achieve the pre-determined outcomes, then the grantor will not make an outcome payment.

Who is eligible to apply?

Only state and local governments are eligible for the SIPPRA program.

When is the deadline to apply?

April 15, 2024

Where can I learn more?

Federal Register and www.Treasury.gov/SIPPRA

Who can answer questions?

Email: SIPPRA@Treasury.gov or
View: Frequently Asked Questions

What is Benefit-Cost Analysis (BCA)?

BCA is a systematic process for identifying, quantifying, and comparing expected benefits and costs of a potential project, policy, or action. In executing a BCA, applicants must account for both social benefits (including savings to a State or local government or to the federal government) that provide positive value to the federal government, and costs, which result in negative value, to determine the net value to the federal government.

What does "monetized value of benefits" mean?

A monetized value of benefits is the full monetary outcome which results from an intervention. For example, if an intervention results in fewer emergency room visits by reducing severe injuries, the value is both the reduced costs of medical treatment and the value the individual places on avoiding severe injuries and related visits to the emergency room.

Which benefits should I include in the BCA? Over what period of time should I measure benefits that may accrue?

Applicants must include savings to the federal, State, and local governments that are a direct result of the intervention in the BCA. Savings to each level of government should be presented separately to show how expenditures are changing at each level of government as a result of the intervention.

Applicants then must assess the benefits to the "target" population. There are a wide range of benefits that can be included in the BCA, as defined in the NOFA. Applicants' BCA must also consider the effects of interventions that extend beyond the target population.

Applicants are encouraged to use existing research and analytical tools grounded in microeconomic theory to quantify the benefits of their expected outcomes.

The BCA should cover a 10-year time period.

Which costs do I need to include in the BCA? Over what period of time should I measure costs that may accrue?

The BCA must account for the cost of the intervention to all individuals. This includes costs to the treated (e.g., time, resources, forgone opportunities), taxpayers (e.g., program costs, increased expenditures on government programs), and others (e.g., time costs for those administering the intervention or other affected government programs).

The BCA should cover a 10-year time period.

How do I incorporate savings into the BCA?

Savings to the federal, State, or local governments are a threshold requirement and must be presented separately, prior to being incorporated into the BCA as a social benefit to the project outcome. The calculations of these savings must incorporate increased costs due to intended or unintended impacts of the intervention. Specifically, savings from decreased participation in other federal programs should be included in the savings calculation. Additionally, when monetizing savings in the BCA, all savings numbers should account for the Marginal Cost of Public Funds. See Appendix I of the FY2024 NOFA for an example of how to apply the Marginal Cost of Public Funds.

How do you measure an externality when calculating a BCA?

An externality is an unpriced effect of an intervention that extends beyond the target population. For example, an intervention that increases employment may reduce criminal activity, which has an unpriced positive effect on members of the community. In other words, members of the community would be willing to pay some amount to reduce crime generally, even if they are themselves not the victim of crime. Thus, crime reduction provides value to individuals for which they did not pay. Externalities, whether positive or negative, must be considered in the Applicant's BCA.

Can I include benefits to the general economy when calculating the BCA?

No. The programs and policy changes of the size that are eligible under SIPPRA are not large enough to affect the general economy. Therefore, when assessing the benefits of the program, the BCA analyst must only consider benefits which are of a direct result of the intervention.