



Speech by Rip Rapson:

## **Kresge Foundation proudly supports Pay for Success initiatives**

May 10, 2016

*A statement from Kresge Foundation President and CEO Rip Rapson regarding the importance of the Pay for Success model.*

The Kresge Foundation has long recognized the potential of Pay for Success funding methods as an important tool in the change maker's toolbox. To date, The Kresge Foundation is a proud supporter of several Pay for Success initiatives that have enabled housing stability, family well-being, individual development and other social benefits.

Pay for Success brings together the public, private, philanthropic and nonprofit sectors to achieve social impact by unlocking new capital to address social challenges. In many instances, these social programs present a high risk for government and potential investors. It typically works like this: A combination of private and philanthropic partners fund a necessary social program delivered by a nonprofit service provider. Value-based goals are established at the onset of the project to determine the program's effectiveness. An independent evaluator measures the impact of the intervention. If outcomes meet or exceed the initial goals, government reimburses the investors. If the intervention fails to meet its goals, investors assume the full risk.

The Kresge Foundation applauds two important steps forward in the Pay for Success movement today:

- First, the federal Social Innovation Fund has announced three new major Pay for Success grants that will support the development of near-term Pay for Success projects, taking good ideas to launched initiatives.
- Second, the U.S. Senate Finance Committee is actively discussing Pay for Success. We are glad that the model is engaging the highest levels of federal government attention and look forward to the Congress' continued study of how the sectors can unite to make a positive difference in communities nationwide.

We join our [philanthropic peers](#) in embracing these bold, effective models that both maximize impact for our country's most vulnerable communities and encourage investors to bring capital to underserved markets. The Kresge Foundation is committed to continuing to play a leading role in the philanthropic community's exploration of innovative tools for social good.