



SOCIAL IMPACT BONDS

Too many low-income, first-time pregnant mothers suffer from chronic poverty, poor health and other social conditions that carry a high price tag in terms of their human toll and fiscal costs. NFP is an investment to prevent toxic stress early in life, creating an opportunity to shape the future. Social Impact Bonds may be a new strategy to bring NFP to scale and demonstrate the population-based benefits that NFP promises for high-risk communities.

WHAT IS A SOCIAL IMPACT BOND?

Pay-for-Success (PFS) is performance-based contracting where government pays only if results are achieved. Social innovation financing bridges the timing gap between government payments and the up-front capital needed to run PFS programs. A Social Impact Bond (SIB) is one kind of social innovation financing in which funds are raised from investors to provide a service provider with the working capital to deliver their services that will benefit society. While structures vary, the core to a SIB is a three-way contract between government, a provider and investors in which investors provide funding up front to pay for program services, and government is only required to pay back investors if and when the provider meets agreed-upon outcome metrics.

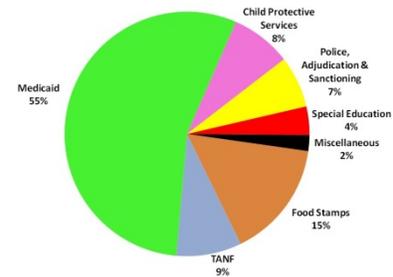
WHY IS NFP A GOOD CANDIDATE?

- With growing number of families falling into poverty, the demand for NFP services is outpacing our ability to grow with existing public and private resources.
- “Top Tier” evidence: Well-designed and implemented randomized controlled trials demonstrate that NFP produces sizable, sustained benefits to participants and society.
- National Service Office offers a performance-driven and outcomes-based infrastructure that supports replication with fidelity.
- Community-based, experienced service providers have the capacity to deliver NFP on a larger scale.
- With 188,888 families served to date, NFP today is serving clients in 43 states, the Virgin Islands and 6 tribal organizations in 529 counties nationwide.
- Demonstrated outcomes and return on investment to government and society are measurable and verifiable.

WHAT ARE THE BENEFITS?

- More services for families in need. Bringing NFP to scale in high-risk communities can demonstrate the population-based benefits that NFP promises.
- Government benefits from a successful SIB by only paying for results. This risk of paying for ineffective programs is shifted from government to the investor. Government benefits from positive NFP outcomes and associated savings.
- Service providers receive a steady, sustainable, and predictable flow of funding up front to support growth.
- Investors in SIBs benefit from generating both a positive social impact and a potential return on their investment.

Distribution of Government Cost Savings per Family Served by NFP in the United States*



NFP's Cost Savings and Return on Investment*

NFP Cost per Family Served	\$ 8,580
Savings to State Government at age 18	\$ 8,086
Savings to Federal Government at age 18	\$10,320
Total Government Savings at age 18	\$18,406
Total Societal Savings**	\$52,327

**NFP's benefits to society are estimated to be \$52,327 taking less tangible savings (like potential gains in work, wages and quality of life) into account along with resource cost savings (cost offsets to government, insurers, and out of pocket payments by families).

WHAT ARE WE DOING?

There has been growing interest among states in SIBs for evidenced-based programs like the Nurse-Family Partnership. We believe this is a viable opportunity, and that SIBs offer an innovative strategy to recruit private capital to partner with providers and government to increase the total investment in Nurse-Family Partnership to improve outcomes and social mobility for young at-risk families. To that end, the NFP National Service Office is pursuing formal and informal opportunities to explore SIBs with states including South Carolina, New York, Michigan, Illinois and Colorado, implementing partners in communities, potential commercial and philanthropic investors and third-party intermediaries.

For more information about NFP and SIBs, please contact Tamar Bauer at tamar.bauer@nursefamilypartnership.org or a state business developer at businessdevelopment@nursefamilypartnership.org for information about the status of this work in a particular state.

EXPECTED LIFE STATUS AND FINANCIAL OUTCOMES WHEN FIRST-TIME, LOW-INCOME MOTHERS RECEIVE NURSE-FAMILY PARTNERSHIP HOME VISITATION SERVICES*

OUTCOME	CHANGE
Smoking During Pregnancy	24% reduction in tobacco smoked
Complications of Pregnancy	27% reduction in pregnancy-induced hypertension
Preterm First Births	18% reduction in births below 37 weeks gestation (26.2 fewer preterm births per 1,000 families) served)
Infant Deaths	60% reduction in risk of infant death (3.4 fewer deaths per 1,000 families served)
Closely Spaced Second Births	31% reduction in births within 2 years postpartum
Very Closely Spaced Births	24% reduction in births within 15 months postpartum
Subsequent Birth Rate	31% reduction in second teen births (73.5 fewer children per 1,000 families served within 2 years post-partum & lifetime)
Subsequent Preterm Births	37.7 fewer subsequent preterm births per 1,000 families served
Breastfeeding	12% increase in mothers who attempt to breastfeed
Childhood Injuries	38% reduction in injuries treated in emergency departments, ages 0-2
Child Maltreatment	31% reduction in child maltreatment through age 15
Language Development	39% reduction in language delay; 0.14 fewer remedial services by age 6
Youth Criminal Offenses	46% reduction in crimes and arrests, ages 11-17
Youth Substance Abuse	53% reduction in alcohol, tobacco, & marijuana use, ages 12-15
Immunizations	23% increase in full immunization, ages 0-2
TANF Payments	7% reduction through year 9 post-partum; no effect thereafter
Food Stamp Payments	9% reduction through at least year 10 post-partum
Person-months of Medicaid Coverage Needed	7% reduction through at least year 15 post-partum due to reduced births and increased program graduation
Costs if on Medicaid	8% reduction through age 18
Subsidized Child Care	Caseload reduced by 3.6 children per 1,000 families served

*Ted Miller, Ph.D, Pacific Institute for Research and Evaluation, Nurse-Family Partnership Home Visitation: Costs, Outcome, and Return on Investment, April 30, 2013 and associated Return on Investment Calculator dated 5/5/14.