



PAY FOR SUCCESS: AN OPPORTUNITY TO SERVE MORE FAMILIES

Too many low-income, first-time pregnant mothers and their children suffer from chronic poverty, poor health and other social conditions that carry a high price tag in terms of their human toll and monetary costs. Nurse-Family Partnership (NFP) is an evidence-based nurse home visiting program focused on the health, well-being, and self-sufficiency of low-income, first-time mothers and their children. Four decades of research have shown NFP's favorable impact on pregnancy outcomes, child health and development, as well as mother's life course development. With approximately 33,000 families enrolled at any point in time, NFP is currently reaching only 9% of eligible families. By recruiting private capital to partner with providers and government, **Pay for Success (PFS)** presents a powerful opportunity to bring NFP to more families and help break intergenerational cycles of poverty.

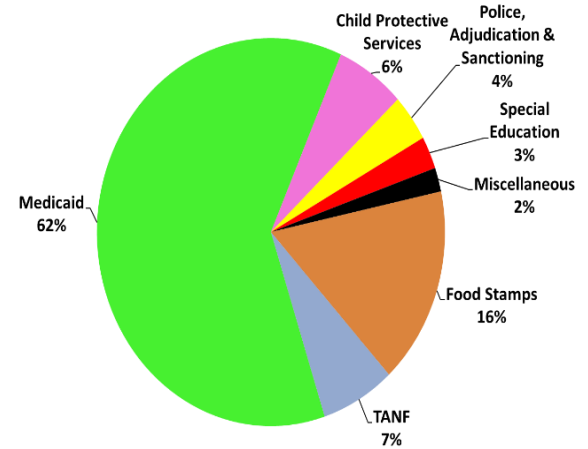
HOW PAY FOR SUCCESS WORKS

PFS is performance-based contracting where government pays only if key results are achieved. Private financing is used to bridge the timing gap between government payments and the upfront capital needed to run the programs. PFS (also called Social Impact Bonds) is one kind of social innovation financing in which funds are raised from investors to supply a service provider with the working capital to deliver their services that will benefit society. While structures vary, at the core of PFS is a three-way contract between government, a provider and investors in which investors provide funding upfront to pay for program services. Government is only required to pay back investors if and when the provider meets agreed-upon outcome metrics as determined by an independent evaluator.

NFP AND PAY FOR SUCCESS

- 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 have shown that NFP produces sizable, sustained benefits to participants and society, as well as return on investment to government.
- Community-based, experienced service providers have the capacity to deliver NFP on a larger scale.
- The NFP National Service Office offers a performance-driven and outcomes-based infrastructure that supports replication with fidelity.
- As of March 2017, NFP has served 256,751 low-income mothers in 42 states, the U.S. Virgin Islands and 6 Tribal organizations in 574 counties nationwide.
- In 2016, NFP launched the nation's first PFS project to improve maternal and child health in South Carolina, extending services statewide to 3,200 Medicaid-eligible first-time moms and their children over a six-year period.
- PFS feasibility work has been undertaken in Tennessee, South Carolina, Texas, New Jersey and San Francisco, California.
- NFP supports federal PFS legislation that would offer federal financial support to states for federal value achieved through state PFS projects.

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	\$ 9,403
Savings to State Government at age 18	\$11,738
Savings to Federal Government at age 18	\$15,160
Total Government Savings at age 18	\$26,898
Total Societal Savings ¹	\$60,428

¹NFP's benefits to society are estimated to be \$60,428 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).

BENEFITS OF PAY FOR SUCCESS

Reach More Families

Private capital can bring NFP to the highest risk communities, including rural and other underserved areas lacking funding for critical services. Private capital can fuel targeted expansions large enough to demonstrate the population-based benefits that NFP promises.

Pay for Results

Government benefits from a successful PFS project by only paying for results. The risk of paying for ineffective programs is shifted from government to investors. Government, families, and society benefit from positive outcomes and associated savings.

Multi-year Funding Upfront

Service providers receive multi-year, predictable funding upfront to support growth.

Positive Social Impact

Investors in PFS benefit from generating both a positive social impact and a potential return on their investment.

“If Pay for Success works at a larger scale, then NFP can realize a vision that we’ve shared with supporters for years: reaching every mom who needs us, sparking multi-generational change, and creating pathways out of poverty.”**

Tamar Bauer and Roxane White, Nurse-Family Partnership

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

OUTCOME	CHANGE
Smoking During Pregnancy	25% reduction in tobacco smoked
Complications of Pregnancy	33% reduction in pregnancy-induced hypertension
Preterm First Births	15% reduction in births below 37 weeks gestation (22 fewer preterm births per 1,000 families served)
Infant Deaths	48% reduction in risk of infant death (3.0 fewer deaths per 1,000 families served)
Closely Spaced, High-Risk Pregnancies	37% reduction in closely spaced, high-risk pregnancies within 15 months postpartum during 4 years after the first birth
Very Closely Spaced Births	25% reduction in second births within 15 months postpartum
Subsequent Preterm Births	37.0 fewer subsequent preterm births per 1,000 families served
Breastfeeding	12% increase in mothers who attempt to breastfeed
Intimate Partner Violence	17% reduction in assaults, prenatal to child age 5
Child Maltreatment	33% reduction in child maltreatment through age 15
Childhood Injuries	34% reduction in injuries treated in emergency departments, ages 0-2
Language Development	41% reduction in language delay; 0.14 fewer remedial services by age 6
Youth Criminal Offenses	25% reduction in crimes and arrests, ages 11-17
Youth Substance Abuse	56% reduction in alcohol, tobacco, & marijuana use, ages 12-15
Immunizations	14% increase in full immunization, ages 0-2
TANF Payments	7% reduction through year 13 post-partum; no effect thereafter
Food Stamp Payments	10% reduction through at least year 15 post-partum
Person-months of Medicaid Coverage Needed	8% reduction through at least year 15 post-partum due to reduced births and increased program graduation
Costs if on Medicaid	10% reduction through age 18
Subsidized Child Care	Caseload reduced by 3.7 children per 1,000 families served

*Ted Miller, Ph.D., Pacific Institute for Research and Evaluation, “Projected Outcomes of Nurse-Family Partnership Home Visitation during 1996- 2013, USA” (2015) and “Return on Investment in Nurse-Family Partnership Home Visitation in Scaled- Up Implementation” (2017). Associated Return on Investment Calculator dated 3/26/17.

**Tamar Bauer & Roxane White, *What Matters: Investing in Results to Build Strong, Vibrant Communities* (2017); Joint project of the Federal Reserve Bank of San Francisco and Nonprofit Finance Fund.

FOR MORE INFORMATION

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