



PROJECT DESCRIPTION: The Hello Family Pay for Success (PFS) project is currently in development in the City of Spartanburg, South Carolina. It seeks to improve outcomes for young children and their families by providing a continuum of evidence-based services for all children born in the City of Spartanburg, from prenatal care through age five, and linking payment to actual improvements in families' lives. The Hello Family PFS Project sits within the broader envisioned Hello Family continuum of services which will offer greater access to high-quality early learning, including an expanded Pre-K continuous quality improvement system and a model early learning center, to form a comprehensive age 0-5 support structure for City families.

CURRENT PROJECT PARTNERS INCLUDE:

- **City of Spartanburg.** The City partnered with the Institute for Child Success to conduct a PFS feasibility assessment, supported by a federal Social Innovation Fund grant, that determined PFS was a viable model to provide this particular continuum of services to families in this community. The City continues to partner to advance this project and is anticipated to pay for positive outcomes achieved through the implementation of this project once launched.
- **Institute for Child Success (ICS).** ICS is an independent, nonpartisan, nonprofit research and policy organization dedicated to the success of all young children. ICS partnered with the City to assess the feasibility of this project and now leads the “transaction structuring” (the construction of the actual PFS project) in partnership with other key stakeholders, with support from a Nonprofit Finance Fund grant.
- **Mary Black Foundation.** The Mary Black Foundation is an independent, private grantmaking foundation. Since 1996, it has invested more than \$48 million to improve the health and wellness of the people and communities of Spartanburg County, South Carolina. The Foundation works to achieve its mission primarily through its efforts to improve early childhood development and healthy eating/active living. The Foundation has provided generous financial support of this project’s development and lends its expertise and convening leadership to advance this project.

SERVICES TO BE EXPANDED THROUGH THE PROJECT:

- **BirthMatters.** Community-based doulas educate and support low-income moms under age 24 from 24 weeks of pregnancy until each baby is six months old through home visits and other supports.
- **Family Connects.** Nurses visit moms and newborns in their homes regardless of income and assess families for potential risks and connect them with community resources.

Note: All information is subject to change throughout transaction structuring. Last updated on 6.8.17.

- **Triple P, or Positive Parenting Program** (via **Hope Center for Children** and/or providers it coordinates). Community-level communications campaigns, along with individual sessions with families, equip parents with the skills and confidence they need to be self-sufficient in helping their children realize their potential.

OUTCOMES OF INTEREST TO POTENTIALLY TRIGGER OUTCOMES PAYMENTS:

- Reduced cesarean birth rate
- Reduced emergency room visits during the first six months of life
- Reduced cases of substantiated abuse and neglect

FAST FIGURES:

- Anticipated length of service delivery: 5 years
- Anticipated number of families to be served over 5 years:
 - Approximately 360 by BirthMatters
 - Approximately 1,950 by Family Connects
 - Approximately 5,805 by Triple P (all children born during those 5 years)
- Anticipated amount of upfront capital needed: Approximately \$5 - 6 million

POTENTIAL INNOVATIONS AND DISTINCTIONS:

In addition to serving families in the City of Spartanburg, Hello Family is also poised to become the:

- First PFS project in the U.S. exclusively focused on a community the size of Spartanburg
- First PFS project in the U.S. to provide a continuum of services
- First PFS project in the U.S. to wherein *all* children in the geographic reach of the project receive services

WHAT IS A PAY FOR SUCCESS (PFS) PROJECT? A Pay for Success (PFS) project is a project that drives better outcomes by paying for positive, measurable outcomes once they are achieved by service providers instead of paying for services upfront regardless of any results they produce. Usually government provides these “outcomes payments,” and does so only after an independent evaluator discerns whether and to what extent the intervention (e.g., services) provided through the PFS project created those positive outcomes. If the evaluator determines the intervention achieved the outcome goal(s) established at the start of the project, payment is made.

However, service providers often need upfront capital to provide the intervention in the first place. To address this challenge, private funders (including investors) provide the dollars needed (called “PFS financing”) to deliver the intervention and often to also cover other costs of the project (e.g., project management). When investors have provided the upfront capital, any “outcomes payments” flow to repay investors and provide a modest return.

In this way, the private sector, nonprofit service providers, and government can partner to focus squarely on the singular task of improving people’s lives –tapping the resources of private markets and philanthropy for public good, allowing service providers to focus less on fundraising and more on mission, and reserving taxpayer dollars for real impact.

CONTACT: For more information, please contact Bryan Boroughs, Vice President and General Counsel, Institute for Child Success (bboroughs@instituteforchildsuccess.org).