

Contact: Alex Zaroulis, Director of Communications, Social Finance
617-549-0358 azaroulis@socialfinance.org

Pay for Success Projects in South Carolina and Connecticut Bridge Partisan Divide; Innovative Tool to Build Smarter, More Effective Government Gains Momentum

- *Projects demonstrate growing bipartisan support for Pay for Success as a model to drive resources to effective programs that measurably improve lives*
- *Leading Pay for Success nonprofit Social Finance serves as intermediary for both landmark programs*

Boston, MA – Feb. 16, 2016—Republican Gov. Nikki Haley and Democratic Gov. Dannel Malloy today independently announced the launch of Pay for Success programs aimed at improving the lives of people in need in their home states of South Carolina and Connecticut. Both Governors have embraced Pay for Success as an approach that cuts across political ideologies and offers innovative ways to address complex social challenges.

“Pay for Success is about driving resources to effective programs that serve some of society’s most vulnerable,” said Tracy Palandjian, CEO and Co-Founder of Social Finance. “It is no surprise that Pay for Success enjoys strong bipartisan support. The announcements we see today in South Carolina and Connecticut exemplify smart government at work.”

Social Finance, a non-profit organization dedicated to mobilizing capital to drive social progress, served as the intermediary for both projects. Social Finance partnered with state governments, service providers and impact investors to design, structure and manage the two Pay for Success programs. In addition, fellows from the Harvard Kennedy School Government Performance Lab provided pro-bono technical assistance, offering critical support to both states.

Overview of Projects

In South Carolina, Governor Nikki Haley announced the launch of the nation’s first Pay for Success project focused on improving health outcomes for mothers and children living in poverty. This Pay for Success initiative will expand Nurse-Family Partnership, an evidence-based home-visiting program that pairs vulnerable first-time mothers with specially trained nurses to support healthy pregnancies and positive child development. Nurse-Family Partnership has a forty year track record of positive impacts on mothers and children. This project will expand services to 3,200 first-time, low-income mothers across the state over the next six years— making it the first statewide Pay for Success initiative in the country. Read the press release [here](#).

“This innovative program is going to allow us to improve the health of our children and families, and it’s a perfect example of what we can do when leaders from the private sector and public service work together,” said Gov. Nikki Haley.

In Connecticut, Governor Dan Malloy and White House National Drug Control Policy Director Michael Botticelli announced the “Connecticut Family Stability Pay for Success Project.” The project will serve 500 families struggling with substance abuse by expanding Family-Based Recovery over the next four and a half years. Developed at the Yale Child Study Center, Family Based Recovery is an intensive, in-home parent-child attachment program for families with young children at risk for abuse and neglect, poor development outcomes, and removal from the home due to parental substance use. The program works to promote positive parent-child interactions for secure attachment, and to help parents achieve and maintain abstinence. Read the press release [here](#).

“We in Connecticut are continuing to innovate, with new funding mechanisms to tackle complex issues. The world is changing, and the way we approach funding critical services must change with it. It's critical that we focus on outcomes — and Pay for Success financing assures that we only fund programs that work,” Governor Malloy said. “This is about providing effective treatment services early — it's a strategic approach in order to keep children with their families. This is the right thing for Connecticut children and families and the right thing for Connecticut taxpayers.”

Pay for Success contracts, also called Social Impact Bonds, combine nonprofit expertise, private sector funding, and rigorous evaluation to transform the way government responds to chronic social problems. Funders assume up-front financial risk to expand effective social services. Government pays for the program only if it achieves the desired impact - goals are mutually predetermined and subsequently verified by an independent third-party - that benefit society and generate value for government. Pay for Success projects have addressed recidivism, juvenile justice, homelessness, and early childhood education.

In the five years since the world's first Pay for Success project launched in the United Kingdom by Social Finance UK (sister organization to Social Finance US), there are over 50 projects underway in twelve countries, including eleven projects in the United States. At least another two dozen states are pursuing Pay for Success. Legislation is led at the federal level by Senators Orrin Hatch (R-UT) and Michael Bennet (D-CO) and Representatives Todd Young (R-IN) and John Delaney (D-MD).

[Social Finance, Inc.](#) is a 501(c)(3) nonprofit organization dedicated to mobilizing capital to drive social progress. Social Finance is committed to using Pay for Success to tackle complex social challenges, facilitate greater access to services for vulnerable populations, and direct capital to evidence-based social programs – all with the goal of measurably improving the lives of people most in need. Social Finance has deep experience in the design and implementation of Pay for Success projects, from early-stage feasibility assessment, to project development and capital formation, to post-launch performance management and investment support.

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