



**Ohio House of Representatives
Finance Subcommittee on Health and Human Services
Every Child Capital Venture Fund
Greg Landsman, Strategic Advisor
Interested Party Testimony
HB 49
March 23, 2017**

Good afternoon, Chairman Romanchuk, Ranking Member Sykes and members of the Finance Subcommittee on Health and Human Services. I am Greg Landsman, Strategic Advisor of Every Child Capital, a venture philanthropy fund in Greater Cincinnati. Thank you for the opportunity to submit interested party testimony concerning House Bill 49 and Pay for Success, also known as Social Impact Bonds.

Every Child Capital is a venture philanthropy fund that seeks to transform philanthropy to ensure more private and public dollars are directed toward what works and sustainable outcomes are achieved. Every Child Capital is directed by an Advisory Board - chaired by Leslie Maloney of The Carol Ann and Ralph V. Haile, Jr./U.S. Bank Foundation. Every Child Capital includes a wide array of funders and leading philanthropists in Southwest Ohio, including The Carol Ann and Ralph V. Haile, Jr./U.S. Bank Foundation, the Gladys and Ralph Lazarus Fund of The Greater Cincinnati Foundation, United Way of Greater Cincinnati, the Thomas J. Emery Memorial, the Duke Energy Foundation and the Jacob G. Schmidlapp Trusts, Fifth Third Bank.

Upending Social Investments

Every Child Capital believes that we can achieve significant impact in the social sector by changing the way that private and public investors work together. Far too often, public dollars go to programs or efforts with limited knowledge of the real impact or results achieved. In philanthropy, there is a growing commitment to fund initiatives and programs that have a proven track-record of success – however, philanthropists often fail to find solutions for long-term sustainability. We are rarely able to achieve long-lasting social change because our resources don't usually flow to what works, and when they do sustainability and scalability are rarely achieved.

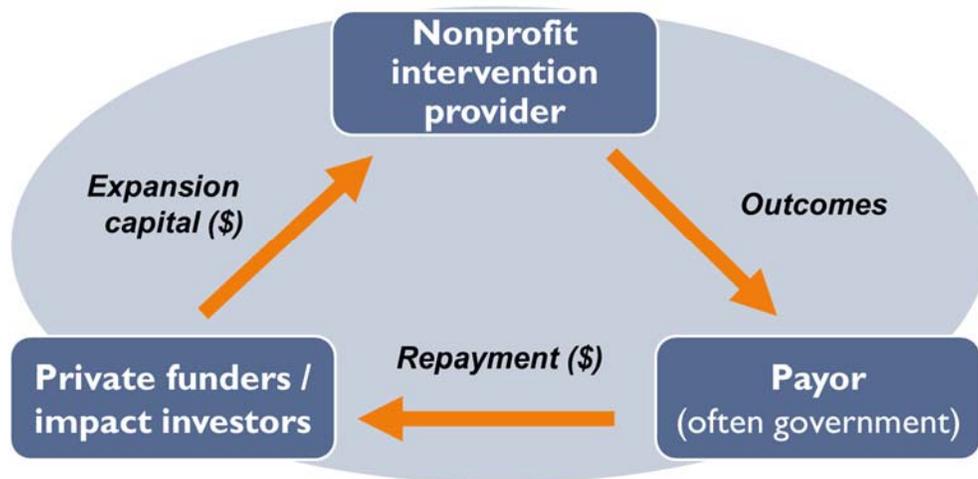
We need to change the status quo and rethink who invests when. Philanthropy needs to be encouraged to test and prove solutions, serving as risk capital, while public funders agree to take on the financing of those solutions proven effective. Governments around the country, and around the world, are beginning to challenge the status quo through an innovative funding model called Pay for Success (otherwise known as Social Impact Bonds).

What is Pay for Success?

Pay for Success is a funding model that uses private investment to drive society's resources toward effective social programs. All too often, budget constraints make it challenging for governments to invest early and upstream, even when an ounce of prevention is worth a pound of cure.

Pay for Success projects investment in prevention. To do so, they bring together three key stakeholders: top-tier nonprofit service providers, whose evidence of impact is typically demonstrated through high-quality evaluations; private funders, who typically seek both financial and social return; and outcomes payors, typically governments, who stand to benefit from lowering cost and improving identified outcomes.

Pay for Success connects these actors and leverages the roles of philanthropy and government to achieve social change. Funders support nonprofits with working capital for their programs. If those programs generate agreed-upon outcomes, as determined by a third-party evaluator, then government payors agree to share the savings and value they accrue - repaying funders, often with a modest return. Equally important, if the program does not achieve the agreed upon outcomes, the government does not pay, ensuring that taxpayer dollars are being spent only on programs that work.



Pay for Success allows governments to support high-impact service providers, drive resources to the most effective social programs, and rigorously track outcomes for individuals and communities, while lowering the risk to taxpayers if those programs don't deliver anticipated results.

Pay for Success in Ohio

Pay for Success agreements are proliferating nationwide, with 15 deals launched to date representing a variety of issue areas. Recent deals include Pay for Success to scale maternal and child health interventions in [South Carolina](#) and [Michigan](#). Ohio, in keeping with its pragmatic and thoughtful approach to investing in smart solutions, should consider Pay for Success in its continued effort to improve the health and quality of life of Ohio's citizens.

Every Child Capital has partnered with Social Finance, a nonprofit advisor on Pay for Success projects, to assess Pay for Success feasibility to strengthen Cincinnati's maternal and child health ecosystem. Based on both national and local evidence, the feasibility study identified that high-quality home visiting can yield positive benefits that create both fiscal savings and social value – from healthier birth outcomes (such as lower preterm birth and infant mortality) to improved parental behavioral outcomes (such as maternal depression). Building on the work of other states and in alignment with Ohio's efforts

to decrease infant mortality, Ohio would be well poised to explore and pilot Pay for Success to improve the health of its mothers and children.

We encourage the State to explore Pay for Success as a way to achieve long-lasting social change – changing the way government and its philanthropic partners to improve the lives of Ohio's citizens.

Thank you again for the opportunity to submit this testimony. Please do not hesitate to contact me at greglandsman@msn.com with any questions.