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City Pursues Social Impact Bonds to Tackle Teen Pregnancy.

Last September, the Mayor's Office of Budget and Finance issued a solicitation for companies interested in conducting a feasibility study on a tool called social impact bonds. They're essentially bonds with a cause. Investors provide up-front money for the city to launch a project that will provide social benefits—say, reducing prison recidivism or chronic homelessness—and save the city money in the long run. If everything goes according to plan, the investors will recoup a portion of the savings.

Today, the administration of Mayor **Vince Gray** announced that it had chosen an area where it hopes to make a social impact: teen pregnancy. It'll be the first time social impact bonds have been used in America to reduce unplanned teen pregnancy and reap the economic rewards.

The city has selected the Boston-based Social Finance, Inc. as a nonprofit intermediary to coordinate the development and launch of the city's first social impact bond program. Social Finance, founded in 2011, is an offshoot of Britain's Social Finance UK, which created the world's first social impact bonds in 2010.

Social Finance, Inc. has worked on several U.S. social impact bond projects, beginning with one in New York State to reduce prison recidivism. The company started working with the District in the winter, and identified a few areas where the city could pursue social impact bonds. City officials selected teen pregnancy.

"A young woman who has a child when she's 14 or 15 has a much lower chance of receiving her high school diploma," says Social Finance's **Rebecca Leventhal**. "There are significant opportunities for savings relating to early health needs for children delivered to young women, as well as the educational opportunities for the mother that may be delayed or not achieved if she has a child."

Social Finance is releasing a request for qualifications today for programs to reduce unplanned teen pregnancy that could participate in the program. That request will be followed by a request for proposals from qualified respondents.

Gray spokesman **Pedro Ribeiro** says the city won't know for sure how the program will save the District money until responses to those requests come in. But he says reducing teen pregnancy can cut costs in a number of areas, including education, homelessness, and welfare payments.

"Look at D.C. General," Ribeiro says, referring to the overcrowded homeless shelter where the city spends more than $150 a night to house each family. "Look at how many young mothers are in D.C. General. That's incredibly expensive."

Posted by Aaron Wiener on May. 14, 2014 at 2:43 pm

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