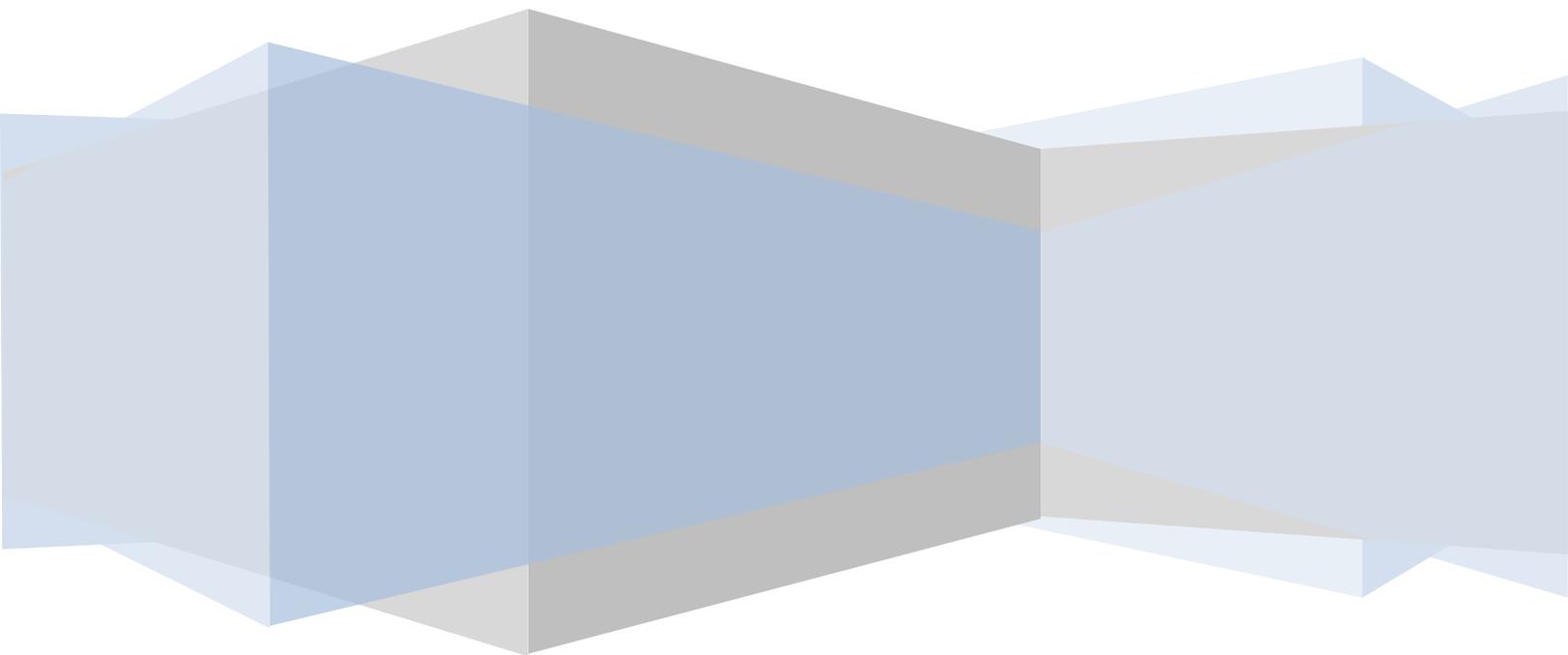


# **N.E.W. Life Enterprises**

## **State of Michigan Social Impact Bonds – Pay for Success Request for Information**



**N.E.W. Life Enterprises**  
**State of Michigan Social Impact Bonds – Pay for Success**  
**REQUEST FOR INFORMATION**

**Introduction/Details Surrounding the Initiative**

In the City of Flint, an innovative public/private partnership involving N.E.W. Life Enterprises (NLE) (a faith-based community organization), Diplomat Specialty Pharmacy, and the Michigan Economic Development Corporation has emerged. This initiative offers an ideal opportunity to become a part of the new Michigan Social Impact Bond program. The partnership transitions structurally unemployed Flint residents into full time employment through the State’s Community Ventures program. The project offers hands-on training and creates “life changing” employment opportunities through its highly successful sewing business, newly-launched culinary arts, landscaping (beginning January 2014), and construction ventures. A particularly unique feature of this partnership is that it involves a growing number of committed private investors. NLE provides an excellent opportunity to pilot and study this partnership that is already demonstrating outcomes and is poised to take to scale.

**Performance Measures for Assessing Outcomes**

Performance measures for assessing the outcomes of this project include both human services and criminal justice impacts. Wrap around services provided to participants ensure needed supports that address basic needs, deal with family emergencies, and eliminate barriers to successful full time employment. Many program participants are sometimes the third or fourth generation of their family. Others have recently been released from prison, face mental health and/or alcohol and other substance abuse challenges, and other significant daily struggles. Performance measures for the project will include:

- GED/High School Completion
- Employment placement rate
- Eliminate or decreased dependence on government programs (such food stamps, cash assistance, medical assistance, and emergency relief)
- Recidivism rate (criminal offense and alcohol/other substance abuse)
- Child support compliance

There are numerous data sources available for implementing a statistical approach for assessing outcomes of the initiative including:

- NLE Project and Participant Records/Reports - participant performance progress
- Michigan Department of Education - high school completion rate and dropout rate
- Michigan Bureau of Labor Statistics - employment and unemployment rates by age groupings
- Michigan Department of Human Services - annual statistical report by county
- US Census Bureau - high school graduation rate
- Michigan Department of Corrections - recidivism statistics

## **Strong Evidence Based for Intervention Model**

NLE's intervention model offers onsite wrap-around support to participants to bolster their successful completion of the training and employment program. Wrap-around services include: GED/high school completion, literacy training, food pantry, clothing closet, counseling, employment coaching, and child care services. There is a large body of research that documents the effectiveness of Supported Employment (SE) for individuals who face barriers to employment including mental illness, disability, history of joblessness, and criminal record. Studies have consistently reported that SE increases: 1) employment in competitive jobs; 2) number of hours worked; 3) amount of income earned in competitive jobs; 4) self-esteem; 5) self-management; 6) independent living; and 7) autonomy. These studies also documented SE as decreasing: 1) unemployment; 2) dependence upon public systems of care; and 3) illness/hospitalizations.

## **Sufficient and Well-Defined Participant Base**

The NLE project will impact more than 200 City Flint residents who are structurally unemployed. These participants will come from distressed neighborhoods within the City of Flint. Over the next year, NLE business ventures will offer training and employment opportunities in four (4) sectors: sewing/manufactured apparel, culinary arts, landscaping, and construction.

## **Ability to Take the Initiative to Scale**

NLE Sewing Business is poised and ready to take to scale. The rapidly expanding sewing business is now booking sewing jobs 2-months in advance as the customer-base continues to expand, including: The Regional Magnetic Imaging Center, Baker College Nurses Program, Flint School of Therapeutic Massage, Dr. Nita Kulkarni, Hurley Emergency Room, Table and Tap Restaurant, and Genesys Regional Medical Center. A new facility is being planned to accommodate expansion of the sewing business. The culinary arts training and employment program have been launched. Landscaping and construction components will begin January 2014.

## **Clear and Definable State Budgetary Savings**

For September 2013, Genesee County ranked the fourth highest county in the state of Michigan for recipients of state assistance, the specific assistance programs being Family Independence Program (FIP), Food Assistance Program (FAP), State Disability Assistance (SDA), Child Development and Care (CDC) & State Emergency Relief (SER). In September 2013, there were 105,162 recipients of these forms of state assistance (combined) in Genesee County, totaling \$17,525,301. The counties that ranked higher than Genesee County are all significantly bigger – Oakland, Macomb, Wayne.

Genesee County ranked 5<sup>th</sup> highest for Medicaid recipients in September 2013, with a total of 102,662 recipients. The counties that ranked higher were Kent, Macomb, Oakland, Wayne – again, all have significantly higher populations than Genesee County.

As the data demonstrates, the State of Michigan will experience a significant savings as a result of expanding NLE programs. Savings will be experienced in relationship to the positive program impacts. The idea of improving the lives of residents through supported employment has enormous potential for savings to the state government. This includes savings in terms of unemployment claims, decreased health care cost, increased state tax revenue (increased earned income), and decreased cost for state governmental programs and systems of care (such food stamps, cash assistance, medical assistance, and emergency relief). The cost for participating in the NLE program is approximately \$16,000 per participant annually this amount pales in comparison to a life-time dependency on governmental program and systems of support.

## **Conclusion**

NLE is an ideal participant in the State’s Social Impact Bond Initiative for innovative funding. The organization is well-positioned to achieve desired outcomes and budgetary savings. NLE represents a public/private partnership, proven successful evidence-based intervention model, and fully developed participant-centered services and supports. NLE can test a wide range of approaches to addressing poverty through direct work with the employees that the average human services program cannot. In addition, NLE is able to measure impacts and outcomes as the employer of record in accordance with state human resources requirements. Funding has been obtained from the State of Michigan Community Ventures Program to expand the number of employees from 26 to 100 over the next 9 months. A new facility is slated to open October 2014. A larger facility is sorely needed to relieve overcrowding and ensure adequate space for continued growth and development of NLE’s sewing, culinary arts, landscaping, and construction microenterprises. NLE stands ready to participate in the State’s Social Impact Bond Initiative.

*“Give people a fish and you feed them for a day.*

*Teach people to fish and you feed them for a lifetime.”*

*--Chinese Proverb*