



June 24, 2022

Treasury PRA Clearance Officer
1750 Pennsylvania Ave. NW, Suite 8100
Washington, DC 20220

To whom it may concern:

On behalf of Nemours Children's Health, thank you for your consideration of this response regarding the April 2022 request for information (RFI) in support of the Social Impact Partnerships to Pay for Results Act (SIPPR) Grant Program.

ABOUT NEMOURS CHILDREN'S HEALTH

Nemours Children's Health is one of the nation's largest multistate pediatric health systems, including two free-standing children's hospitals and a network of nearly 75 primary and specialty care practices. Nemours Children's seeks to transform the health of children by adopting a holistic health model that utilizes innovative, safe, and high-quality care, while also caring for the health of the whole child beyond medicine. Nemours Children's also powers the world's most-visited website for information on the health of children and teens, KidsHealth.org.

The Nemours Foundation, established through the legacy and philanthropy of Alfred I. duPont, provides pediatric clinical care, research, education, advocacy, and prevention programs to the children, families and communities it serves.

EXECUTIVE SUMMARY

Established in 2008 and co-located in Washington, D.C. and Delaware, Nemours Children's National Office of Policy and Prevention promotes optimal health and well-being for all children nationally. We work with stakeholders across the enterprise and country to advocate for federal policy change; and identify, promote and grow innovative solutions to help create the healthiest generations of children. Through this work, the National Office is a trusted resource and voice for children.

We are responding to this request for information (RFI) because we believe the SIPPR program has the potential to improve the lives of children and families. In addition, the program has a powerful opportunity to demonstrate the value of social impact partnerships and outcome-based financing, especially the Federal government's role in such models. However, we remain concerned SIPPR will not achieve its legislative mandate to utilize at least 50 percent of Federal payments for initiatives that directly benefit children. Our recommendations outlined below seek

to address this concern and increase the impact of the program. We encourage the U.S. Department of the Treasury (“Treasury”) to allow SIPPPRA applicants to:

- Utilize benefit-cost analysis and include individual and social benefits, in addition to Federal, state, or local budgetary savings in their outcome valuation methodologies.
- Implement rigorous analytical techniques to project the benefits that will accrue beyond the outcome measurement for a full ten-year period, even if it extends beyond legislative and other deadlines.
- Utilize outcome payments tied to individual’s status at the time of measurement.
- Use quasi-experimental evaluation designs and other approaches that move government spending toward more evidence-based approaches.

DETAILED RECOMMENDATIONS

Children are generally healthier and have fewer acute health conditions and other challenges compared to adults. While programs that serve adults may intend to address acute concerns and have immediate impacts, those for children often seek to improve their long-term health and development. A substantial research base exists demonstrating the effectiveness of numerous health, educational, social, child welfare, juvenile justice, and other types programs for children, and the positive impacts they can have on individuals and society.¹ For example, a September 2021 Treasury report noted how children who receive high-quality child care have improved grades, a longer time in school, improved mental and physical health, and higher individual and household earnings.² The report also more generally states how “investments in early childhood experiences can pay off over a lifetime.”²

When assessing the value of programs for children, it is therefore critical to include all benefits that accrue over an extended period, not only those that are measurable over a few years. When it is not feasible to perform long-term studies, evaluators can utilize rigorous analytical methods to estimate impacts over this extended period. The recommendations in this response focus on how Treasury can implement SIPPPRA with these considerations and fulfill the program’s legislative mandate to fund initiatives that directly benefit children.

Social and Individual Benefits in Outcome Payments

As detailed in the RFI, the 2019 SIPPPRA Notice of Funding Availability (NOFA) utilized budget impact analysis to value outcome payments. The analysis considered two factors: public sector savings, defined as reduction in outlay costs, and changes in federal tax receipts. **In the next NOFA, Treasury should allow applicants to utilize benefit-cost analysis and include individual and social benefits, in addition to Federal, state, or local budgetary savings in their outcome valuation methodologies.** As detailed below, several sections of SIPPPRA’s legislative text support this approach.

Section 2051, *Purposes*, includes “To ensure Federal funds are used effectively on social services to produce positive outcomes for both service recipients and

taxpayers.” This includes both service recipients and taxpayers. No other aspect of this section mentions Federal budgetary savings or tax receipts.

Section 2052, *Social Impact Partnership Application*, sub-section (b) *Required outcomes for social impact partnership project*, describes how projects, “must produce one or more measurable, clearly defined outcomes that result in *social benefit* and Federal, State, or local savings.” Further, sub-section (c) *Application required*, describes numerous components, including “expected social benefits.”

Section 2053, *Awarding Social Impact Partnerships*, sub-section (b) *Considerations in awarding agreement*, describes aspects Treasury must consider. Since provision #4 mentions “savings to the Federal Government,” the presence of #2 about “value to the Federal Government” seems to support a more expansive definition of “value.”

When developing a methodology for monetizing social and individual benefits, we encourage Treasury to utilize OMB Circular A-4 (primarily sub-section E. *Identifying and Measuring Benefits and Costs*) and other existing guidance. The Congressional Research Service recently published a report with a comprehensive list of Federal guidance related to benefit-cost analysis.³ Furthermore, the Washington State Institute for Public Policy, a nonpartisan public research group, provides a substantive benefit-cost model and numerous relevant analyses.¹

Ten Years of Benefits in Outcome Payments

Section 2060 of the legislation limits availability of funds beyond February 2028. While appropriations law likely allows Treasury to distribute any *obligated* funds for an additional five years,^{4(p32)} there are research and legislative justifications to incorporate benefits for an extended period. **We urge Treasury to allow applicants to implement rigorous analytical techniques to project the benefits that will accrue beyond the outcome measurement for a full ten-year period, even if it extends beyond legislative and other deadlines.**

The U.S. Department of Health and Human Services (HHS) recently published a primer about the consequences of child abuse and neglect.⁵ It describes both short-term impacts and the “long-term physical, psychological, behavioral, and societal consequences of child abuse.”⁵ Section 2052, sub-section (b) *Required outcomes for social impact partnership project*, includes the outcome, (10) *Reducing incidences and adverse consequences of child abuse and neglect*. While reducing such incidences will have important near-term benefits, it can also have additional significant positive benefits long into the future. This is just one example of how only including benefits and costs through the measurement of an outcome will dramatically undercount its true impacts.

Measuring outcomes for an extended period is often not feasible. An alternative approach is to utilize existing rigorous evidence to estimate longer-term impacts. Sources of such evidence include high-quality meta-analyses and systemic reviews, in addition to Federal government evidence databases and reports. Existing Federal guidance supports this approach, including OMB Circular A-4 which states, “The time frame for your analysis should cover a period long enough to encompass all the important benefits and costs likely to result from the rule.”

Finally, Section 2053 of SIPPPRA, *Awarding Social Impact Partnerships*, sub-section, (c) *Agreement authority*, describes conditions required for the Federal Government to enter into an agreement for a social impact partnership project. One such condition is, “The Federal payment...for each specified outcome achieved...is less than or equal to the value of the outcome to the Federal Government over a period not to exceed 10 years.” Importantly, this does not state the ten-year period must end before any specific date and, therefore, allows Treasury to extend the timeline for incorporating benefits beyond February 2028. For example, if an evaluation of a SIPPPRA project shows an intervention impacted a child welfare outcome in year two, Treasury should include all benefits accrued to that point plus another eight years of benefits existing rigorous research shows will accrue. Of course, Treasury should continue to require applicants to provide a strong justification for their outcome valuation methodology using sources of rigorous evidence.

Payments Tied to Individual Outcomes

The traditional Pay for Success approach is when government makes payments if an evaluation shows a *cohort* of people has improved outcomes compared to a control or comparison group. While we support this approach when feasible, **we urge Treasury to also allow applicants to utilize outcome payments tied to individual’s status at the time of measurement.** This would create substantial efficiencies in program implementation, the collection of data, and the costs of evaluation, thereby making more projects viable for SIPPPRA.

David Wilkinson, Executive Director for the Tobin Center for Economic Policy at Yale University and prior Director of the White House Office of Social Innovation under President Barack Obama, outlines this approach in an article titled, *A Whole New Menu: Outcomes Rate Cards In Practice*.⁶ The state of Connecticut paid service providers for the achievement of the individual-level outcomes listed below. In addition, the state published the rates it would pay for these outcomes.⁶ Through SIPPPRA, applicants that utilize individual-level outcome payments would need to propose their own valuation methodology.

- At the time of measurement, there are no substantiated cases of maltreatment (other than any reported by provider staff) and no incidents of injury- or ingestion-related visits to the emergency room.
- At the time of measurement, the caregiver is employed, enrolled in education or training, or has recently graduated from an education or training program.
- For families enrolled prenatally before 28 weeks’ gestation, the child is born at 37 weeks’ gestation or later.

Some may contend this approach does not develop sufficient confidence an intervention led to the outcome. However, applicants will still have to demonstrate how they selected their target population. In addition, Treasury can further address this concern by requiring applicants to group the target population based upon each group’s chance of achieving the outcome. This would mitigate perverse incentives to primarily serve individuals who are lower risk and more likely to achieve the outcome, known as creaming or skimming. Connecticut paid higher rates for improved outcomes among higher risk target populations.⁶

Additional Evaluation Designs

Treasury's explicit or implied preference for randomized controlled trials (RCTs) during the 2019 NOFA was a major factor for many eligible applicants in deciding not to apply or withdrawing applications. **We urge Treasury to allow applicants to use quasi-experimental evaluation designs and other approaches that move government spending toward more evidence-based approaches.** RCTs are appropriate when the Food and Drug Administration is assessing the evidence of a new drug or medical device. However, they are simply too high of a bar in this context. Adjusting evaluation requirements will reduce the underlying costs of social impact partnerships and make more projects viable. Importantly, doing so aligns with Section 2055, sub-section (c) *Methodologies to be used*, which states evaluations can use "other reliable, evidence-based research methodologies."

The previously cited Congressional Research Service report provides numerous resources to guide Treasury in deciding which evaluation designs to allow.³ In addition, the U.S. Government Accountability Office page on *Using Data and Evidence to Improve Federal Programs* is also helpful.⁷

CONCLUSION

Nemours Children's stands ready to leverage our expertise and relevant experiences to assist Treasury with SIPPPRA or other initiatives related to child health and development. Thank you for your consideration of our recommendations, and we look forward to continued collaboration. Please do not hesitate to reach out to Joshua Ogburn, Manager of Policy, at Joshua.Ogburn@nemours.org with questions or requests for additional information.

Sincerely,



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