Highlights of Investing in Flourishing's Sustainable Financing Approach

Investing in Flourishing (IIF) is developing a radically different approach to paying for health and social services in a way that supports child and family flourishing. First, it supplements current spending with private capital to enable significant increases of upstream investment in the factors that help create flourishing for children and their families. Then it pays off that capital (loans/bonds) with a portion of the downstream multi-sector financial returns (e.g., avoided future costs and/or savings) that are created by progress toward thriving.

The IIF sustainable financing approach works by capturing avoided costs and new revenues when youth and families thrive. Multiple organizations across sectors—healthcare, education, justice, social services, child welfare, and employers benefit from the savings and gains when families flourish. By stacking multiple shared savings (and revenue) agreements, community-led collaborative Flourishing Councils can generate substantial funding to invest upstream in family and community well-being, including covering principal and interest on loan instruments. The result: children, families, and neighborhoods thrive without increasing government spending.

The IIF model is designed to produce six salient finance outcomes, to drive six key transitions:

- Outcome 1. More investment in kids. In health and most sectors of social services enormous amounts of money are now spent reacting "downstream" to illness and social failure, with ratios typically ranging from 5:1 to 10:1 over prevention spending. IIF moves significant former downstream spending into upstream investment in flourishing.
- Outcome 2. A key biproduct of the IIF financing method (attracting private capital to invest far more upstream) addresses the national and state concerns over exploding healthcare and social service costs. The flourishing progress created by IIF will generate downstream savings in acute healthcare, justice, child welfare, and other sectors. IIF will only need a portion of those savings to pay for the new upstream financing.
- Outcome 3. Transitional overall increase. Shifting spending upstream initially requires a significant temporary increase in overall health and social services spending (e.g., new upstream investments in flourishing and well-being added on top of the current public and private spending on illness and reacting to social problems). In the IIF model, all of that increased amount is funded with private capital, instead of seeking large additional government appropriations.
- Outcome 4. Break down spending silos. The model deliberately shifts the savings shared with local Flourishing Councils out of today's downstream silos into single local funds for supporting flourishing (e.g., acute health spending today can be allocated by a community's Flourishing Council to collaboration and early childhood education.)
- Outcome 5. Shift the risk to investors. The risks of delayed impact, reduced ROI, or failing to achieve objectives in this novel approach are shifted from providers and CBOs seeking to support thriving (and from downstream beneficiary agencies/organizations paying the bills) to risk-taking lenders.
- The ultimate Outcome 6. Widespread success with the IIF model creating flourishing should cause government, employers, and others to change policies over time to make high-value upstream investments in flourishing rather than low value investments in responding to illness and social failure, leading to private lending being replaced by direct public upstream investment.