

Pay for Success in the U.S.

Summaries of Financed Projects

February 2015



INSTITUTE *for* CHILD SUCCESS



ICS's work to develop early childhood PFS is supported by the Corporation for National and Community Service's Social Innovation Fund.

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Utah High Quality Pre-School Initiative

Policy Area	Education / Early Childhood
Policy Problem	Research shows that children who receive high-quality early education are more likely to succeed in school and less likely to need special education services.
Jurisdiction (implementation sites)	Salt Lake County, UT (Granite School District) Park City, UT
Who is paying for the outcomes?	United Way of Salt Lake, Salt Lake County (first year proof of concept cohort) State of Utah
Organization(s) Delivering Services	Granite School District, Park City School District, Guadalupe School, YMCA of Northern Utah, Children's Express, Lit'l Scholars
Intervention	High-Quality Preschool Program, developed by Granite School District. This program serves 3- and 4-year-olds and lasts 1 or 2 years.
Approximate Program Cost per Participant	
Intermediary: Coordinator & Borrower	United Way of Salt Lake (with Park City Community Foundation for first year proof of concept cohort)
Program Evaluator	Utah State University's Early Intervention Research Institute
Validator	School Readiness Board
Outcome Metric(s)	Decrease in utilization of special education services among children who score at or below 70 on PPVT at beginning of preschool. Students who score 70 or below at the beginning of pre-school are tracked through 6th grade to determine whether they receive special education services at any point during the year. They are also given a post-test by an outside evaluator at the end of preschool

Evaluation Design	The PPVT cutoff point of a standard score of 70 or lower was based on normative data (only 3% of children score this low) and research supporting the relation of the PPVT with later school and special education outcomes. This link between low PPVT scores and later special education placement was supported by educators and with staff in national educational organizations. Comparisons of children participating in an evidence-based preschool program with matched children who did not receive the preschool program supported this link. Using this approach, a contemporaneous control group is not necessary.
Target Population (criteria and size)	4 cohorts of 3- and 4-year-old children eligible for free lunch (2,600 total). The PFS program pays for preschool for children who meet these criteria but outcomes are tracked and payment is made only for those children who score 70 or below on the PPVT.
Size of Investment	\$7 million
Total Payments Possible (investment and return)	
Term / Timeframe (intervention and evaluation)	8-9 years for each cohort; 12 years for all 4 cohorts. Intervention is 1 or 2 school years (depending on whether the child entered at age 3 or 4). Students are tracked through 6th grade. Analysis after each school year and final report 4 months after the last cohort completes.
Investors: Deal Structure/ Capital Stack (annual return if available)	<ul style="list-style-type: none"> •Senior Debt - \$4.6 million, Goldman Sachs (5%) •Subordinate Debt - \$2.4 million, JB Pritzker (5%)
Payment Terms - Risk Sharing Structure	100% of risk is shifted in that no payment is made unless children achieve the specified outcome. However, there is no threshold that must be reached for the investors to receive payment; payment is made for each child who achieves the outcome.
Payment Terms - Details on Payment per Outcome, Payment Period	Success payments equal to 95% of the avoided special education costs per year from K through 6th grade (for the first year proof of concept cohort this equals \$2,470); \$1,040 “success fee” per child per year for special ed avoided after principle and interest paid.
Date Announced	June 13, 2013
Implementation Start	September 2013
Interim Outcome Dates	Summer 2015 & after every school year thereafter
Legislation for Appropriation Risk	Yes, HB96, effective September 2014
Other Notes	Students will not be denied any services because of this initiative. Teachers/ program staff do not know whether individual children are in the program.

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The Institute for Child Success is fueled by BlueCross BlueShield of South Carolina, an independent licensee of the BlueCross and BlueShield Association, and by the Mary Black Foundation.

The Institute for Child Success is a non-profit, non-partisan research and policy organization that fosters public and private partnerships to align and improve resources for the success of young children in South Carolina and beyond. A partnership of the Children's Hospital of the Greenville Health System and the United Way of Greenville County, ICS supports service providers, policy makers, and advocates focused on early childhood development, healthcare, and education to build a sustainable system that ensures the success of all children, pre-natal through age five.