

Fact Sheet
Chicago Pay for Success/Social Impact Bond Program
Evaluation Year Three
 April 26, 2018

Overview

- Chicago’s first Pay for Success (PFS) program, in its third year, continued providing increased access to high-quality early childhood education, empowering children and their families to reach their full potential.
- This year’s report, based on the 2016-2017 school year, details the special education placement rates for Cohorts 1 and 2 (in first grade and kindergarten, respectively) and the kindergarten-readiness results for Cohort 3 (in preschool).
- Among the third cohort of children, 44 percent demonstrated kindergarten-readiness, defined as meeting or exceeding the national average on five or six domains of the TS GOLD™ formative assessment system, according to the program’s independent evaluator, SRI International.
- Cohort 2 students ended the school year with a special education placement rate for mild delays and disabilities of 3.36 percent. This is 1.73 percentage points lower than the cohort’s comparison group, which had no CPS preschool, and lower than the overall CPS kindergarten special education placement rate for mild delays and disabilities. An addendum to the Year 3 report, provided by the City of Chicago and CPS, provides further information on overall CPS special education placement rates.
- Cohort 1 students ended the year with a special education placement rate for mild delays and disabilities of 3.13 percent, nearly half that of their comparison group.

	Size	Kindergarten-readiness	Special education utilization (cohort / control group)	Special education utilization (cohort / control group)
		Preschool	Kindergarten	First grade
Cohort 1	374	60%	4.38% / 4.96%	3.13% / 6.17%
Cohort 2	782	42%	3.36% / 5.09%	
Cohort 3	782	44%		

- It’s inherently difficult to compare the cohorts because each is made of unique children with unique backgrounds and abilities.
- Kindergarten-readiness results were below the maximum payout threshold of 50 percent. In other words, investors will be paid less than they could have been for the second year in a row.
- With the fourth academic year of this four-year program nearly complete — a report covering 2017-2018 will be released next spring — stakeholders are now in the process of determining how to best continue expanding early childhood education opportunities for the city’s families. As detailed in its addendum, CPS plans to keep the added CPC classrooms open with a mix of federal, state and city funds.

- SRI International’s full Year 3 independent evaluation report of the PFS program and the City and CPS addendum explaining the changes between Year 1, Year 2 and Year 3 performance are available for download and review (www.iff.org/pfs3).

About the program

- The program was formed in 2014 as a partnership between the City of Chicago, Metropolitan Family Services and CPS, with IFF serving as project coordinator and intermediary and the Goldman Sachs Social Impact Fund, Northern Trust, and the J.B. and M.K. Pritzker Family Foundation serving as financiers.
- With nearly \$17 million in up-front capital from the investors, the program created more than 2,600 slots across nine Child Parent Center (CPC) schools, with enhanced parental engagement resources provided by Metropolitan Family Services.
- Hallmarks of the CPC model, established by CPS in 1967, include a leadership team run by the Head Teacher, small classrooms led by two instructors, extensive support and resources for families, and a requirement that parents volunteer at their child’s school for two and half hours each week. The PFS program has brought the CPC model to new communities and student populations, including bilingual children.

Methodology

- Teachers track children’s progress on skills important for kindergarten-readiness throughout CPS using the TS GOLD™, which rates children’s skills and abilities across six domains, including literacy, language, mathematics, cognitive development, socio-emotional well-being and physical health. The program evaluation counts children as kindergarten-ready if they perform at or above average on at least five of six TS GOLD™ domains, a higher standard than other early childhood research using this assessment.
- SRI International will continue to evaluate student performance for each of the four student cohorts by tracking the following outcomes: kindergarten-readiness in the spring of preschool, third-grade literacy (using PARCC or other district-wide assessments) in the spring of third-grade and the special education utilization rate each year from kindergarten through sixth grade, and beyond if deemed necessary by the Steering Committee and funding is available.

Results & Outcomes

- Given the consistently higher rates of kindergarten-readiness for children who had full day preschool versus those who attended half day, the City of Chicago and Chicago Public Schools remain committed to expanding access to full day preschool, particularly for those children most in need.
- The percentage of children meeting kindergarten-readiness benchmarks has differed significantly based on English Language Learner (ELL) status. This could be because children learning two languages may take longer to demonstrate proficiency in the domains measured by TS GOLD™. The greater number of ELL children in Cohorts 2 and 3, therefore, could partially explain the lower kindergarten-readiness rates seen during Years 2 and 3. As a result, CPS is exploring ways to better measure the kindergarten-readiness of children who speak a language other than English at home.

System-wide benefits

- Lessons learned through the program, particularly those relating to assessment, professional development, student attendance and relationships with community organizations, have benefitted CPS as a whole, furthering the program's positive impact. Collaboration between program leaders and those of CPS have also contributed to improved strategies for teaching English Language Learners and lowering the barriers for families wishing to enroll their children in pre-K programs. The CPS addendum provides more detail on what the district has learned from the program.

CPC Sites

- During the 2014-15 school year, the PFS project expanded the number of CPC classrooms at Fiske, Peck, Melody, De Diego and Thomas schools and added new classrooms at Hanson Park elementary school. During the 2015-16 school year, the CPC classrooms continued at these six sites, expanded the CPC classrooms at Edwards elementary school and added new classrooms at Tonti and Davis elementary schools for a total of nine CPC sites receiving PFS funding. Those same nine sites were operated during 2016-2017.
- Half-day classes include 17 students, while full-day classes feature 20 students. The program uses the Creative Curriculum™, and each CPC is rated for quality under the ExceleRate Illinois™ quality rating improvement system.
- Metropolitan Family Services provided onsite coaching support for parent engagement, including Family Needs Assessments, Parent Engagement Workshops in English and Spanish, trauma prevention training, and the creation of new CPC Lending Libraries. Additionally, MFS has provided iPads for each PFS CPC Parent Resource Room.

Economic Benefits

- According to existing evidence from long-term economic studies of CPC and other programs, investment in high-quality preschool programs returns more than seven dollars in benefits for every dollar invested by reducing the future costs of remedial and special education spending, crime and imprisonment.^{i, ii, iii}
- Other studies show that students in high-quality early childhood education programs are up to 25 percent more likely to stay in school, 60 percent more likely to attend college, 40 percent less likely to become a teen parent, and 70 percent less likely to be arrested for a violent crime.ⁱⁱ

Payments to investors

- Private investors in this and other PFS programs accept the risk that if a program fails to meet its pre-established success goals, the outcome-related payments will be less, or none at all. Investors receive returns based on the program's success in meeting target outcomes.
- The second repayment took place March 30, 2018, with the amount determined by student outcomes from the third year of the program (2016-2017).
- Prioritizing student outcomes, investors receive maximum returns only if 50 percent of a student cohort exceeds the kindergarten-readiness threshold as measured by TS GOLD™ evaluation standards. Because Cohort 3's results fell below this cap, investors will receive a lower return than they would have had the threshold been met.
- The PFS program determines special education-related payments based on the difference between the PFS student cohort and the comparison group. Because this difference for Cohorts 1 and 2 in Year 3 was below expectations, investors will receive a lower payment than the anticipated base-case scenario.

i Reynolds, A. J., Temple, J. A., Robertson, D. L., & Mann, E. A. (2002). Age 21 cost-benefit analysis of the Title I Chicago Child-Parent Centers. *Educational Evaluation and Policy Analysis, 24*(4) 267-303.

ii Reynolds, A. J., Temple, J. A., White, B. A., Ou, S., & Robertson, D. L. (2011). Age-26 cost-benefit analysis of the Child-Parent Center education program. *Child Development, 82*, 782-804.

iii Schweinhart, L. J., Montie, J., Xiang, Z., Barnett, W. S., Belfield, C. R., & Nores, M. (2005). Lifetime effects: The High/Scope Perry Preschool study through age 40 (No. 14). Ypsilanti, MI: High/Scope Educational Research Foundation.