



Child-Parent Center Pay-for-Success Initiative/SIB Fact Sheet

- Chicago Public Schools (CPS) and the City of Chicago are partnering with leading experts to launch an innovative Pay-for-Success (PFS) contract that will allow the City to provide high quality pre-K services to more than 2,600 children in high-need communities over the next four years through the successful Child Parent Center (CPC) education program.
- The CPC model has a proven track record of improving educational outcomes and lifelong trajectories for disadvantaged children in pre-school and beyond. Students who participate in the CPC program are better prepared for Kindergarten, perform better on standardized tests, are less likely to need special education services, are more likely to graduate from high school, and be successful in life.
- The model achieves these outcomes by working not only with students, but also with parents to help foster better learning at home and helping families address the myriad of challenges they face. Every CPC comes equipped with a dedicated Parent Resource Teacher and School Community Representative, who engage parents both inside and outside of the CPC.
- The funding for this initiative comes from an innovative Pay-for-Success financing mechanism. Under a PFS contract, lenders provide the upfront capital necessary to operate a program that produces long term avoided costs to the government. The government then uses those savings to repay the lenders.
- In the context of the CPC program, evidence suggests that children who participate in the CPC program are less likely to enter the Special Education system later in life, as low-severity learning and behavioral challenges are identified and rectified early, allowing students to stay on track with their peers. Since many children who need special education services are less likely to obtain academic success, this model produces substantial reduced costs by allowing students to remain in General Education classrooms. **Students will not be denied services because of this initiative.**

2,620 additional disadvantaged children to receive high-quality Pre-K through the Child Parent Center model over the next four years

Nearly \$17 million of private capital raised to expand access to Pre-K for high-need children

Repayment of loans tied to innovative pay for success program – lenders are only repaid if the program improves educational outcomes



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Funding Partners: the Goldman Sachs Social Impact Fund, the Northern Trust Company, and the J.B. and M.K. Pritzker Family Foundation will provide nearly \$17 million in upfront capital for this program. The Finnegan Family Foundation will underwrite a portion of the initiative's evaluation costs.

Repayment Structure: The Funding Partners will be repaid by CPS and the City from the savings achieved through avoidance of special education and other programs, as outlined below:

- **Payments for Decreases in Special Education** are \$9,100 annually compounding at an annual rate of 1.0% for each student that avoids special education after attending the CPC Program
- **Payments for increases in Kindergarten Readiness** are \$2,900 for each student that is prepared for kindergarten after attending the CPC Program
- **Payments for increases in Third Grade Literacy** are \$750 for each student that scores above the national average on the nationally administered third grade reading test

Project Coordinator: IFF, a local non-profit, will serve as the Project Coordinator for the project. They manage the flow of funds between funding partners and CPS, distributing loan dollars for CPC operations and repaying lenders with the success payments from CPS and the City. They will also hold the contracts with Metropolitan Family Services and the Independent Evaluator.

Program Intermediary: Metropolitan Family Services (MFS) will serve as a program intermediary to the project, helping CPS identify best practices from around the field that could be used to further the success of the model. MFS has years of expertise working with high need families and will serve as a valuable resource in improving parental engagement and identifying the challenges confronting these families.

Independent Evaluator: IFF is in final negotiations with an organization which will serve as the Independent Evaluator for the project. Their role will be to conduct a statistically rigorous evaluation of the outcomes of the program, the results of which will trigger success payments from CPS and the City.



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