Opportunities for Special Education and Early Intervention in Pay for Success

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(introduction)

Pay for Success (PFS) financing has the potential to bring new resources to the social sector and to make those systems more effective by helping government, service providers, and funders focus on outcomes for children. As familiarity with PFS models has grown in the U.S., there is significant interest in using this model to support chronically underfunded investments in early childhood education, welfare, and health.

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Special education is another area where early investments in what works can help prevent larger costs of remedial services in the future, improving outcomes for children and their families. To this point, PFS projects that have considered special education have viewed special education services as an outcome to be *avoided*. Some advocates have questioned this approach as potentially creating an adverse incentive to deny services to children who need them. In this paper, we explore the goals of current PFS projects in their consideration of special education outcomes and also push the conversation to the next level: how can PFS be used to expand and improve services for young children with disabilities?

(pay for success financing)

With Pay for Success (also called Social Impact Bonds, or SIBs), philanthropic funders and private "impact investors" provide the initial capital to scale up successful interventions and launch promising, innovative practices, most often those identified as "evidence-based." This designation is based on rigorous evaluations and several years of solid outcomes data. The services selected for PFS financing are generally delivered by school districts and community-based service providers. The government contracts with an intermediary organization for specific outcomes, and an independent evaluator determines whether the outcomes are achieved, ideally by comparing them to those of a control or comparison group.[1]

If the outcomes are achieved, government funds are used to repay the investors' principal plus an agreed-upon return. These interventions often save government money by reducing the likelihood of crime, child abuse, or other social problems; thus, they both prevent problems and promote positive outcomes. Government can draw on those savings to pay for the outcomes achieved. In addition to so-called cashable savings, governments may

1. This is a very brief overview of a model which continues to evolve in the United States. For more information on the parties who commonly participate in American PFS projects, including transaction coordinators, project managers, and legal counsel, we suggest the dataset of current project developed by the Nonprofit Finance Fund, available online: http://www.payforsuccess.org/

also value other outcomes based on local priorities and needs. A paper from the Center for American Progress proposes three prongs a government should consider in selecting and pricing outcomes in a PFS project:

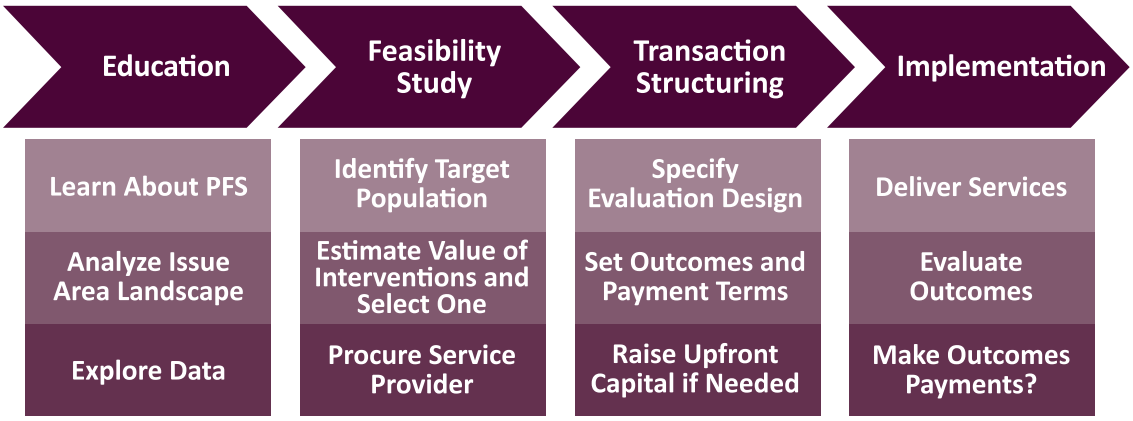
1. "Well-being benefits: Does the outcome lead to improvements for individuals and communities that are greater than the intervention's costs?

2. Public willingness to pay: Is the outcome important enough to the community that additional public dollars should be allocated to achieving it

3. Cashable savings: Will government achieve cashable savings by investing in this initiative?[2]"

Considering all three of these aspects will ensure a robust pricing of outcomes based broadly on "value." Pay for Success project development can be considered in four stages:

Figure 1: Lifecycle of a PFS project



Source: Office of National Drug Control Policy (2016). *Deploying the Pay for Success Model to Help Address the Opioid Epidemic in the United States: An Opportunity for State and Local Action: A Resource Guide.*

There are 24 PFS projects in the United States at the time of this writing,[3] with numerous others globally. Projects focus on a robust set of issues ranging from homelessness to criminal justice to environmental issues to education. In the U.S., early childhood health, education, and welfare have particularly embraced this funding structure as an opportunity to expand and innovate. There are seven PFS projects in the U.S. focused on early childhood needs, ranging from home-visiting to preschool to child welfare programs:

- Chicago Child-Parent Center Pay for Success Initiative
- Connecticut Family Stability Project
- Cuyahoga County Partnering for Family Success Program (Ohio)
- Michigan Strong Beginnings Maternal & Child Health
- South Carolina Nurse-Family Partnership
- Utah High Quality Preschool Program
- Westminster Preschool Project (Colorado)

2. Kohli, J., Golden, M., Coletti, J., & Bosher, L. (2015). *From Cashable Savings to Public Value.* Center for American Progress. Retrieved from: https://www.americanprogress.org/issues/economy/reports/2015/09/01/120300/from-cashable-savings-to-public-value

3. Different sources vary on their definition of a PFS project based on stage of implementation, funding structure, and other criteria. As of March 2018, 24 projects fit ICS's definition of an active PFS project.

More than a dozen jurisdictions have conducted feasibility studies on early childhood programs themselves or through contractors, often with support from the federal Social Innovation Fund. Additionally, the U.S. Department of Education is currently funding eight feasibility studies focused on preschool.[4] While completed transactions are an important indicator of the growth of the field, feasibility studies are an important opportunity for exploring the concept of PFS for a particular jurisdiction as well as an opportunity to learn from other interested parties who have considered similar programs. The growth in both feasibility studies and completed projects indicates an increasing focus in outcomes-based financing in early childhood, a field that has historically focused more on outputs such as the number of children served.

PFS financing is potentially more complex than governments' "simple" appropriations processes. PFS can help address political and financial hurdles in those processes, however, that are often so challenging as to seem intractable. For instance, even rigorously tested and evidence-based interventions can face opposition from legislators who are unfamiliar with, or skeptical of, the underlying evidence. Other legislators may be convinced that a model works in theory, but may be skeptical that a particular service provider or government agency will be able to bring the model to scale effectively. PFS allows legislators to shift real and/or perceived risks of failure to investors. Once a service has demonstrated the promised outcomes (or has failed to do so), then those same legislators can decide whether to continue funding through a normal appropriations process.

(U.S. special education policy)

To date, preschool PFS projects that address special education have focused on reducing the need for later special education placements.

Research on various preschool programs indicates that the need for special education (over time) could be avoided with programs and interventions earlier in life. Studies have shown a link between participation in high-quality pre-K and reduced later placement in special education at various

TERMS TO KNOW

Individuals with Disabilities Education Act (IDEA): a federal law ensuring services to children with disabilities throughout the nation. It also creates the Part B and C funding programs:

Part B: Refers to the portion of IDEA which governs special education and related services for children ages 3 -12. "Section 619" refers to the specific section of Part B that creates a formula grants program to the states to provide services to children ages 3 to 5.

Part C: Formally, the "Program for Infants and Toddlers with Disabilities" is the portion of IDEA which creates a federal grant program meant to support state systems of early intervention services for infants and toddlers with disabilities, ages birth through age 2 years, and their families.

Inclusion: Inclusion refers to including children with disabilities in classrooms with their peers without disabilities; holding high expectations and intentionally promoting participation in all activities, facilitated by individualized accommodations; and using evidence-based services and supports

Definitions adapted from resources from the U.S. Department of Education and the Early Childhood Technical Assistance (ECTA) Center

4. ICS is conducting one of these feasibility studies with Legacy Early College, a charter school in Greenville, South Carolina. The Office of English Language Acquisition is also funding a feasibility study focused on dual language models and the Office of Career and Technical Education is supporting the development of PFS projects related to opportunities for high-need, underserved youth.

grade levels – from the Perry Preschool Program,[5] the Abecedarian study,[6] publicly funded pre-K in North Carolina,[7] in Pennsylvania's Pre-K Counts program,[8] and in Louisiana[9] – to name a few. Special education services are essential to helping some children flourish, but avoiding the need for placements through access to high quality early learning programs that can address children's needs is a strategy that makes sense for students, teachers, and schools. The concern is that at-risk children (especially those from low-income families) who enter kindergarten without having had access to high-quality preschool may have mild to moderate developmental delays, especially in terms of language and behavior development, and will eventually need special education services. These children may also need services for longer compared to children who received high-quality preschool education

Additionally, through the expansion of high-quality preschool programs, children who are in need of special education during their preschool years will be more likely to be identified and served. Intervening early with children with disabilities has been shown to result in children needing fewer special education and other rehabilitative services later in life; being retained in grade less often; and, in some cases performing similarly to typically developing classmates years after intervention.[10]

The federal Individuals with Disabilities Education Act (IDEA) creates funding mechanisms to aid states in the provision of special education services for students with disabilities ages 3 through 21, though these funds do not cover the full cost of special education. All states currently participate in IDEA.[11] State and local education agencies must follow Child Find requirements, ensuring that children suspected of a delay or disability are referred for an evaluation. If it is determined that a child has a disability/delay, he/she has a right under Part B to a "free and appropriate public education" (FAPE) in the least restrictive environment (LRE).

Key to meeting the FAPE requirement in schools is the development of an individualized education program (IEP). As the name suggests, the IEP is tailored to the specific needs of the child, taking into consideration "a child's present levels of academic achievement and functional performance, and the impact of that child's disability on his or her involvement and progress in the general education curriculum."[12] The document is considered binding; any modifications to it must be made by the IEP

5. Coalition for Evidence-Based Policy. *Social programs that work: Perry Preschool Project*. Retrieved from: http://evidencebasedprograms.org/1366-2/65-2

6. *Frank Porter Graham Child Development Institute.* The Carolina Abecedarian Project: Groundbreaking follow-up studies. Chapel Hill, NC: Frank Porter Graham Child Development Institute. Retrieved from: http://abc.fpg.unc.edu/groundbreaking-follow-studies.

7. Muschkin, C.G., Ladd, H.F., & Dodge, K.A. (2015). "Impact of North Carolina's early childhood initiatives on special education placements in third grade." *Educational Evaluation and Policy Analysis 37(4)*, 478–500. Retrieved from: http://journals.sagepub.com/doi/abs/10.3102/0162373714559096?journalCode=epaa

8. Bagnato, S., Salaway, J., & Suen, H. (20099). *Pre-K Counts in Pennsylvania for youngsters' early school success: Authentic outcomes for an innovative prevention and promotion initiative*. Pittsburgh, PA: Early Childhood Partnerships. Retrieved from: http://www.heinz.org/UserFiles/Library/SPECS%20for%20PKC%202009%20Final%20Research%20Report%20113009.pdf

9. Ramey, C. T., Landesman Ramsey, S., & Stokes, B. R. (2009). Research evidence about program dosage and student achievement: Effective public prekindergarten programs in Maryland and Louisiana. In R. C. Pianta & C. Howes (Eds.), *The Promise of Pre-K* (pp. 79-105). Baltimore, MD: Paul H. Brooks Publishing Co

10. NECTAC. (2011). The importance of early intervention for infants and toddlers and their families. *Inclusive Child Care*. Retrieved from: http://www.inclusivechildcare.org/resourcesWeb2/uploads/eifactsheet_2pg.pdf; Guralnick, M.J. (1998). Effectiveness of early intervention for vulnerable children: A developmental perspective. *American Journal on Mental Retardation*, 102, 319–345.; Wood, M. E. (1981). Costs of intervention programs. In C. Garland, et. al. (Eds.), *Early intervention for children with special needs and their families: Findings and recommendations*. Seattle, WA: University of Washington.

11. McCann, C. IDEA: *Individuals with Disabilities Education Act*. New America Foundation Edcyclopedia. http://www.edcentral.org/edcyclopedia/individuals-with-disabilities-education-act-overview/

12. U.S. Department of Education. *Topic Areas: Individuals with Disabilities Education Act*. Retrieved from: https://sites.ed.gov/idea/topic-areas/

team with parental involvement. Part C Early Intervention services for infants and toddlers require the development of an Individualized Family Service Plan (IFSP) which, similarly, lays out family services and goals.

Special education services in the LRE (which generally refers to children receiving services in classrooms alongside their grade-level peers) are essential to meeting the educational needs of children. However, special education placements have often been used for students who have specific needs that could be addressed in alternative ways. "Disproportionately" refers to both "overrepresentation" and "underrepresentation" of a particular subgroup in special education based on their presence in the overall population. Many districts over identify English Language Learners for special education services rather than connecting them with dual-language supports (or, because supports are not readily available for dual-language learners). This overidentification is more likely in districts with small ELL populations, while they are under-represented in special education services with ELL populations over 100.[13] As a result, there is both a concern about *under*identification and *over*identification of children in need of special education based on specific demographic factors or district conditions.

It is important to understand that though there is a legal foundation for the provision of special education services for students, the implementations of those services vary dramatically across states and school districts. Additionally, there is often tension between the perceived needs of students by parents and school officials. An important protection under IDEA is the right to a due process hearing regarding children's IEPs, in which trained hearing officers will hear evidence from all parties and issue a decision.[14] Parents have the right to file a complaint if they dispute a part of the IEP – for example, a child's eligibility for services or decision on what services to place.

(special education in current pay for success projects)

Two Preschool PFS projects in the U.S. currently include reduction in the need for later special education services as an outcome, based on the evidence that preschool programs may reduce the need for costlier special education intervention by providing preventative services. Early identification of children with disabilities and delays who are eligible to receive special education services can reduce the intensity of duration of individual special education services[15]; this early identification is increased by the greater availability of quality early childhood education programs and is thus beneficial for student, family, and taxpayers.

Here, we provide high-level background information on these two projects (in Utah and Chicago).

UTAH

Pay for Success financing has been used to offer pre-K in several sites in the Granite (Salt Lake County) and Park City school districts in Utah and in three community-based providers. The program was expanded from a model used in the Granite School District which had data on impacts for three- and four-year-olds and serves children who are eligible for free and reduced-price lunch

13. National Education Association & National Association of School Psychologists (2007). *Truth in labeling: Disproportionately in special education*. Retrieved from: http://www.nea.org/assets/docs/HE/EW-TruthInLabeling.pdf

14. Center for Parent Information & Resources. (2012). *The due process hearing in detail*. Center for Parent Information & Resources. Retrieved from: http://www.parentcenterhub.org/details-dueprocess/#tiers

15. Wood, M. E. (1981). Costs of intervention programs. In C. Garland & e. al. (Eds.), *Early intervention for children with special needs and their families: Findings and recommendations*. Seattle, WA: University of Washington.

(185% of the federal poverty level). Utah's project will serve about 3,700 children over 5 years and will track outcomes long-term.

All children are administered the Peabody Picture Vocabulary Test (PPVT) upon preschool entry and continue receiving preschool services regardless of score; children who score at or below 70 on the PPVT (two standard deviations below the mean) at the beginning of preschool are tracked for outcomes payment through sixth grade to determine whether they receive special education services at any point. Repayment is made based on each child in this group who does not need later special education, calculated at 95 percent of the weighted per pupil add-on for mild disability special education.[16]

In Utah's first payment cohort, 109 four-year-olds scored at or below 70 on the PPVT at the beginning of the preschool year (of the 595 three- and four-year-olds who were assessed at enrollment); these 109 children became the cohort tracked for outcomes. By the Kindergarten year, only one of these children was identified for special education services; 5 were placed in special education by first grade, and 9 by second grade.[17] In the next cohort, 120 four-year-olds were identified during preschool as "at-risk." Eight were placed in special education in Kindergarten; 11 were placed in special education as of first grade.[18] In a third cohort, 116 four-year-olds were identified as "at-risk", with only 3 requiring special education placement by Kindergarten.[19] The slight increases in identification as children get older is in line with patterns seen in special education identification nationwide

Linking PPVT scores in preschool and long-term special education placement drew some scrutiny in the Utah project, but the decision was based on normative data and other research.[20] A score of 70 on the PPVT is two standard deviations below the mean, a common indicator of the need for evaluation and possible intervention. While only a small percentage of children across the general population score in this range, low-income children have been documented to score disproportionately in this range; as Utah's preschool project is focused on low-income students, it was expected to see a large number of students score below 70. Research finds that speech and language development in early childhood can be an indicator of later educational outcomes, including some findings that links early language delays with later special education use in elementary school.[21]

Safeguards were also put into place to ensure that using the reduction in the need for later special education services as a metric did not interfere with services for children who needed them. Teachers and program staff on the ground do not know which students are included in the measurement group, as children continue to be funded through this project whether they tested into the payment cohort or not. In addition, Granite school district also utilizes federal Title I and grant funds; teachers do not know how any individual student is funded. Roughly 1,000 children have received preschool

16. Payment terms in the Utah project differ between the pilot cohort, when the United Way of Salt Lake was the outcome payor, and when the State of Utah stepped in for subsequent cohorts.

17. United Way of Salt Lake. (2015). *News Release: Social Impact Bond for early childhood education shows success*. Retrieved from: http://www.goldmansachs.com/what-we-do/investing-and-lending/impact-investing/case-studies/sip-united-way-press-release-10-7-15.pdf

18. Innocenti, M.S. (2016). *Utah High School Quality Readiness Program: Year 2 Pay for Success report (2015/2016; Cohort 3)*. Presentation to the School Readiness Board, August 31, 2016.

19. Innocenti, M.S. (2017) *Utah High Quality School Readiness Program: Year 3 Pay for Success Report (2016/17; Cohort 4)*. School Readiness Board Meeting, August 25, 2017.

20. Innocenti, M. *FAQs About Utah's Social Impact Bond for early childhood educatio*n. Retrieved from: https://www.utah.gov/pmn/files/198341.pdf

21. McInyre, L.L., Pelham, W.E. III., Kim, M.H., Dishion, T.J., Shaw, D.E., & Wilson, M.N. (2016). A brief measure of language skills at 3 years of age and special education use in middle childhood. *The Journal of Pediatrics*. Retrieved from: http://www.jpeds.com/article/S0022-3476(16)31103-9/fulltext.

through the PFS funding structure, though only about a quarter are included in the repayment cohort based on their PPVT score. In addition, *all* children in the cohort are tracked longitudinally so that those in the payment cohort cannot be identified. Only the independent evaluator knows which children are in the payment cohort. Children suspected of having a developmental delay or disability by program staff were referred to special education for evaluation and are removed from the payment cohort. As a result, the process for referring children to special education for evaluation was separate and independent from the PFS evaluation.

CHICAGO

A robust, long-term body of research on the Chicago Child-Parent Center (CPC) has found significant impacts from the model. A follow-up study of participants when they were 26-year-olds found cost benefits to participants, their families, and society as a result of increased earnings and tax revenues, avoided criminal justice system and victim costs, and savings for child welfare, special education, and grade retention.[22]

By using $16.9 million in upfront funds from investors, the city of Chicago and Chicago Public Schools use PFS to expand to an additional 2,620 four-year-olds in Chicago Public Schools eligible for free or reduced lunch (364 in year 1; 782 in years and 3; and 680 in year 4). This project has three payment outcomes:[23]

- Kindergarten readiness: Measured once for each cohort at the end of the CPC program using the TS GOLD. "Readiness" is scoring at or above the 50th percentile on any 5 out of 6 domains on the TS GOLD. This outcome is repaid at $2,900 for each student measured as ready.
- Special education placement: Measured annually beginning in Kindergarten through 6th grade for each cohort. Special education placement rates will be compared for children who attended CPC and a group of demographically similar children who did not enroll in a district preschool program. Repaid at $9,100 per student annually (at a compounding annual rate of 1.0%)
- Third grade literacy: Measured once for each cohort and repaid at $750 for each student that scores as reading "at grade level" (at or above the 25th percentile nationally) on the PARCC English Language Arts Assessment administered at third grade.

In the first year of the PFS project, 653 students were enrolled across 6 CPC sites, with 374 of these slots funded by PFS expansion funds; in the second year (2015-2016), 1,378 children were served across 9 sites, 782 of whom were funded by the PFS expansion project.[24] Children are included in the PFS cohort based on eligibility criteria, including attendance, pre-existing special education status, and documentation around income eligibility.[25]

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22. 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 Early Education Program. *Child Development: 82(1)*. Retrieved from: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3817956/

23. Senior lenders will receive payouts first, through 2022. Subordinate lender gets payouts after 2022 for additional special education savings until the final cohort completes 12th grade. While payment outcomes are presented here as per child, actual calculations also take into account the Kindergarten retention factor, which was 92.33 percent for Cohort 1 and 94.65 percent for Cohort 2.

24. Gaylor, E., Ferguson, K., McCracken, M., Wei, X., & Spiker, D. (2017). *Evaluation of child outcomes in nine Child-Parent Centers: Report for 2015-16*. Prepared for IFF Pay for Success I, LLC. Menlo Park, CA: SRI International

25. Gaylor, et al., 2017.

In terms of Kindergarten readiness, evaluators determined that children who attended the expanded CPC programs met the initiative's aggressive and pre-determined goals for improved kindergarten readiness. In the first cohort, 61 percent of the 310 students in the analytic sample met the definition by scoring at or above the 50th percentile on at least 5 of 6 domains on the TS GOLD; in the second cohort, 42 percent of the 586 children in the analytic cohort were Kindergarten ready.[26] Arthur Reynolds, who conducted the extensive evaluation of the CPC program, responded that the success rate using "this very high standard is very positive."[27]

The 2017 evaluation also looked at special education placement for children who received pre-K in cohort 1 and went on to Kindergarten and the comparison group who did not receive district preschool. The rate of special education utilization for eligible participants was 4.38 percent, .56 percentage points lower than the comparison group's rate of 4.94 percent.[28] In real terms, this means that roughly two students avoided special education placement based on participation in the program, triggering repayment.[29] While this may seem a small reduction, placements are generally low at this age, and historically increase beginning around third grade until sixth grade. Chicago's focus on longitudinal data tracking will provide insight into the impact of the preschool program on placement rates down the line.

The process for identifying children in need of special education was completely separate from the evaluation of the PFS outcomes. Throughout the project, teachers and schools did not know which students were being followed as part of the PFS evaluation versus receiving services through other funding sources. Further, the evaluators of the Chicago project address the nuance needed to consider special education placement in this project:

> "Children with a severe disability were excluded [from the analysis] because the project is based on the hypothesis that high-quality early childhood education will prevent children at risk for developing delays or mild disabilities from needing special education services at later ages.... The project does not expect to prevent children with severe disabilities or needs from receiving special education services."[30]

Children were also not included in the analysis if they already had an IEP prior to attending preschool at age 4 and were participating in a "blended classroom" (a term used by Chicago Public Schools to refer to a preschool classroom with additional supports for children with IEPs based on district policy).[31]

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26. Gaylor, et al., 2017; While this paper is focused primarily on special education outcomes, readers may note that the rate of Kindergarten readiness was lower in Chicago's second cohort. This is explored in both the evaluation report and a memo released by the district which note that new sites were operating in the second cohort; that more English Language Leaners were served in the second cohort; and that teacher training on the TS GOLD instrument and turnover may be a factor.

27. Sanchez, M. (2016). Child-parent centers boast strong results for kids, investors. *Catalyst Chicago*. Chicago, Illinois: Catalyst Chicago. http://catalyst-chicago.org/2016/05/child-parent-centers-boast-strong-results-for-kids-investors/

28. The comparison group is determined by matching students who are demographically similar based on child and neighborhood characteristics but did not attend CPC preschool; however, these children may have received early childhood education services through another entity prior to the Kindergarten year. The evaluators acknowledge this shortcoming of a matched comparison group, but randomized assignment is not possible in the Chicago project.

29. IFF. (2017). *Chicago PFS/SIB Program – success payment calculation. Evaluation #2*. Chicago: IFF. Retrieved from: http://www.iff.org/wp-content/uploads/2017/03/Chicago_SIB_Payment_Calculation_Year_2_FINAL_4_28_2017.pdf

30. Gaylor, E., Kutaka, T., Ferguson, K., Williamson, C., Wei, X., & Spiker, D. (2016). *Evaluation of kindergarten readiness in five Child-Parent Centers: Report for 2014-15*. Prepared for IFF Pay for Success I, LLC. Menlo Park, CA. SRI International

31. Gaylor, et al., 2017.

The evaluator notes that the rates of children identified for special education by Kindergarten are relatively low, and that the difference between intervention and comparison groups is small. This is partly due to the fact that special education placements increase in later elementary years. Based on evidence that most children with a disability are identified by sixth grade, the project will evaluate placements by averaging the effect size for fourth, fifth, and sixth grades and utilizing that for payments for grades 7 through 12; this will be recalculated for each cohort.[32] The longitudinal tracking designed as part of this project will be instructive in seeing the long-term impact of the CPC model.

(protecting special education placements)

One of the most common concerns about special education placement as a payment outcome is that there could be an incentive to deny children access to services to which they are legally entitled in order to "game" the results. It is understandable for advocates to question any initiative that may threaten the due gains they have fought long and hard to provide for students. Much work remains in improving special education accessibility and services for all students. During the development of Pay for Success projects, safeguards are built in to address these concerns. Programs are expanded in a way that ensure teachers and principals do not know which children are funded by this project.

> "At the child-parent center that's part of Peck Elementary … teachers and administrators say they continue to identify children with special needs and refer them for services—and nobody has told them to do otherwise.
>
> "If you ask a teacher here what a [social impact bond] is, they won't be able to tell you," says head teacher Dawn Donahue. "They're just doing their job.""
>
> -Melissa Sanchez, *Investors earn max initial payment from Chicago's "social impact bond."*

The U.S. Department of Education acknowledges a need to explicitly ensure special education placements are not denied in an effort to achieve PFS project metrics. The Department recently issued Pay for Success Feasibility Pilots grants, which allow jurisdictions to conduct a feasibility study of using PFS to expand their preschool program offerings.[33] The Department of Education required, beginning in the grant applications, that any applicant interested in considering reduced need for later special education placement as an outcome metric must *also* consider other outcome metrics related to child success; reduced need for later special education placement cannot be the only outcome of interest.

The Department of Education made clear it will not support studies that threaten children's guarantee of access to a free appropriate public education. Applicants were required to consider the following possible safeguards:

32. Gaylor, et al., 2017.

33. U.S. Department of Education. (2016). *Application for new grant Pay for Success Feasibility Pilot*. CFDA 84.419C. Washington, D.C: U.S. Department of Education

- "procedures to ensure that the determination of a child's eligibility for special education and related services under the IDEA is completely separated from the financial structure of the project;
- evaluation methods that mitigate the risk of incentives to exclude or prematurely exit children from needed services and support;
- stakeholder involvement with groups or families who represent students with disabilities in developing and evaluating the project;
- inclusion of longer-term impacts, such as third grade reading achievement, on both treatment and control groups."[34]

As a relatively new and complex funding mechanism, PFS projects should be undertaken with a high degree of stakeholder engagement, beginning in the feasibility study process. Transparency is important to the process, as is understanding how implementing a PFS project may impact other early childhood efforts in the area. The Department of Education also required that applicants identify in their applications a plan for stakeholder engagement, particularly "the extent to which the work plan includes outreach to and involvement of the representatives from the State and local special education community or individuals with special education expertise, including groups representing families," if the proposed project would consider special education outcomes.[35]

Of the eight selected applicants, three applied with a stated interest in using special education as a potential outcome metric; all three of these projects will build safeguards into their feasibility studies (and possible transaction structuring) to ensure special education placements are appropriately considered. Most selected projects indicated they plan to include stakeholders from the disability community in their feasibility study process, even if they do not intend to use special education placement as an outcome measure. All eight of the funded studies are considering the expansion of high-quality, inclusive programs, which will benefit children with disabilities as well as those who do not have them.[36] These studies are currently underway; the resulting findings, particularly around safeguard for special education placement, will inform ongoing conversation in the field.

(expanding special education opportunities)

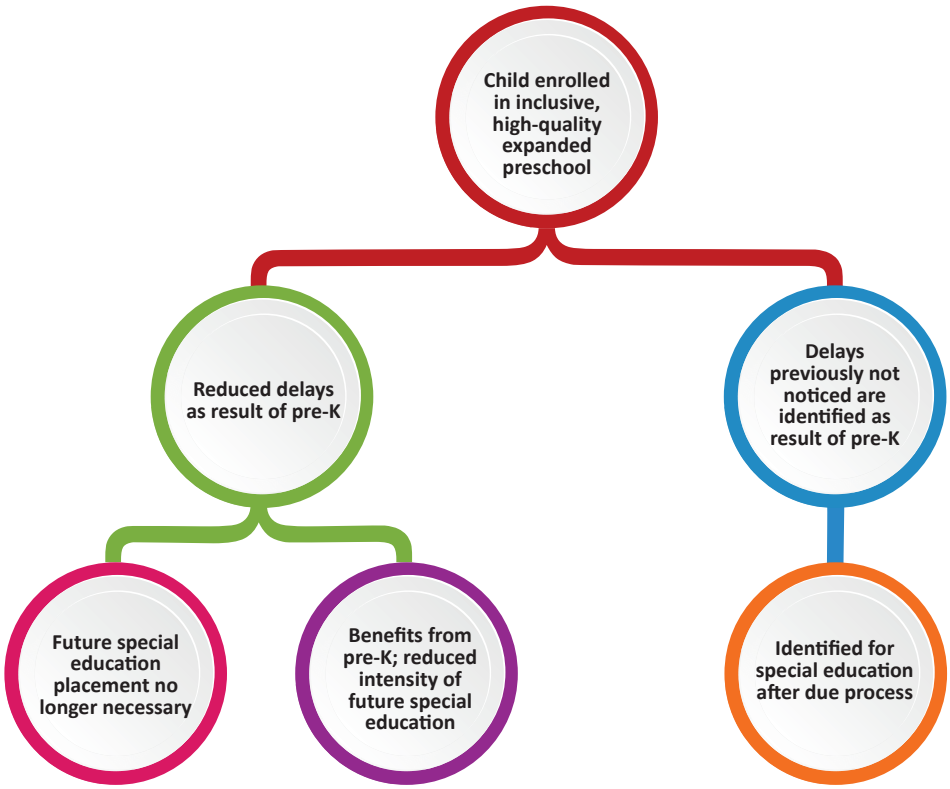
So far, special education placement has generally been treated as a binary in PFS projects – success is measured simply based on the number of children who avoided special education placement in subsequent years, compared to a data-based expectation. While a straight-forward way to measure special education, this measure is not the most nuanced way to address a complex outcome. Indeed, special education placement costs vary widely based on the intensity of intervention needed and the specific services a child needs (not to mention differences in service provision and cost by state).

34. U.S. Department of Education, 2016, p.39-40.

35. U.S. Department of Education, 2016, p.27.

36. Full applications for the eight selected entities as well as reviewer score sheets are publicly available online at https://www2.ed.gov/programs/pfs/applicant.html.

Rather than just considering placement/no placement, reduced intensity of later special education services may be a potential outcome in future projects, though this has measurement challenges based on how data is currently tracked in most state datasets. The image below shows several possible routes for children who are served in expanded pre-K programs:



While a reduction in the need for later special education placements may have the most immediate financial appeal to some outcome payors, it is only one variable. PFS financing may be able to provide opportunities to strengthen referrals and expand program offerings for students with special educational needs. Since PFS is still in its early stage of development, the early intervention and early childhood special education worlds have an opportunity to help shape these projects to be inclusive and target services towards children with disabilities. In this section, we introduce some areas that may benefit from considering PFS. This is meant to generate a conversation around the possible future of special education projects in the outcomes-based financing world and raise key challenges and opportunities, drawing on what we know from existing projects and the broader literature.

EXPANDED CLASSROOMS BENEFIT ALL CHILDREN

All children can benefit from high-quality early childhood education; expanding high-quality preschool for children who are currently unserved increases the likelihood that children with delays will be identified early. When the number of high-quality preschool classrooms increases, so does the likelihood that children with developmental delays and disabilities will be identified and receive services earlier. As noted earlier, because of the expansion of preschool in Granite School District in Salt Lake County Utah using PFS financing, 29 children were referred to and found eligible for special education in preschool in the first cohort; they were served in inclusive preschool classrooms. We do not know if these children would have been identified through other Child Find strategies

but the fact that they were enrolled in an expanded preschool program presumably helped expedite the referral and evaluation process and facilitated these children receiving their special education services in their inclusive preschool classrooms.

Additionally, when the number of high-quality preschool classrooms increases, so does the opportunity for children with disabilities to be included with their same age peers. In fact, the joint policy statement issued from the U.S. Departments of Education and Health and Human Services specifies that "'high-quality' early childhood program *should* be one that is inclusive of children with disabilities and their families, ensuring that policies, funding, and practices enable their full participation and success."[37]

Children with mild and severe disabilities are participating in and benefiting from the Chicago expansion, though children with severe disabilities are not included in the evaluation cohort for payment. Children with severe disabilities make up 3 percent of pre-K children enrolled in the CPC sites in the first year and 2 percent in the second year; children with mild developmental delays or disabilities make up 4 percent of the children being followed in both the first and second cohorts of the PFS evaluation.[38] While some CPC classrooms were already funded before the PFS investment, these figures represent students who are benefiting from the expansion. The number of communities considering using PFS for preschool grows each year, resulting in increased attention and investment. The City Council of Tempe, Arizona decided to directly fund preschool expansion after ICS conducted a feasibility study of their program. While special education is not a direct focus of the program, the evidence indicates that special education students will also benefit from intentionally inclusive classrooms and increased opportunities for identification.

FOCUSING ON PRESCHOOL INCLUSION

Expanding preschool through PFS financing or any other mechanism allows an opportunity for applying best practices in inclusive classrooms. The federal policy statement jointly issued by the Departments of Education and Health and Human Services defines inclusion in early childhood as "including children with disabilities in early childhood programs, together with their peers without disabilities; holding high expectations and intentionally promoting participation in all learning and social activities, facilitated by individualized accommodations; and using evidence-based services and supports to foster their development…This applies to all young children with disabilities, from those with the mildest disabilities, to those with the most significant disabilities."[39]

These classrooms do not happen by accident but rather through intentional efforts; PFS funding provides an opportunity to focus on this effort and add to the evidence of the model's success. Too many preschoolers with disabilities are served in segregated programs, especially preschoolers with more significant disabilities. There are preschool models shown to result in reduced behavior incidents as well as improved perceptions of people with disabilities by all children. Notably for PFS outcomes, high-quality, inclusive programs can also result in kindergarten readiness across domains and positive family outcomes.

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37. U.S. Department of Health and Human Services & U.S. Department of Education. (2015). *Policy statement on inclusive of children with disabilities in early childhood programs*. Retrieved from: http://www2.ed.gov/policy/speced/guid/earlylearning/joint-statement-full-text.pdf

38. Gaylor, et al., 2017.

39. Department of Health and Human Services and Department of Education, 2015.

For example, Learning Experiences and Alternative Program for Preschoolers and Their Parents (LEAP) has been found to have positive impacts for students with autism as well as their peers who do not have autism. This model, which enrolls preschoolers with autism in inclusive classrooms, utilizes several unique adjustments to meet the needs of its students. Typically-developing peers receive training on communicating and interacting with their classrooms who are on the autism spectrum. Teachers receive written materials and in-person training to collect data on children's generalized behavioral changes, adjusting the intervention based on what is indicated. Families of children who are on the autism spectrum receive training in strategies to teach behaviors.[40] The rigorous research conducted on this intervention makes it an intriguing candidate for consideration in a PFS project. When compared to "business as usual" classrooms, LEAP is linked with a reduction in autistic symptoms after two years of the intervention, as well as progress on intellectual and language measures; typically developing children also benefit in terms of improved social skills and reduced disruptive behaviors, and experience no negative outcomes from the program.[41] Maintaining a student's enrollment in an inclusive classroom may itself be worth considering as an outcome, as it is less expensive than separate classrooms and it is linked to academic and social benefits for students who may otherwise be placed in separate classrooms. Participating families also benefit, as adults show fewer signs of significant stress and depression following the program. While the program has not currently been considered for feasibility as a PFS project, it is one promising example of how outcomes-based financing can be used to expand programs that work for children with disabilities – not just to look at outcomes.

EXPANDING CHILD FIND EFFORTS

"Child Find" refers to the requirement in IDEA that state and local educational agencies implement policies and procedures so that all children who need special education and other services are identified, located, and evaluated. It is a component of both Part B and Part C, and so includes children beginning in infancy. In particular, there is a need to ensure children are included who may be missed by existing systems, including those who are homeless or are migrants. Ensuring children are identified and evaluated is no small task, and requires collaborating across systems for families. The requirements under Part C illustrated this, noting that Child Find efforts must be coordinated with:

- the state IDEA Part B program;
- the state Early Hearing Detection and Intervention (EHDI) system;
- the Home Visiting program under Maternal and Child Health (MCH-Title V);
- child care programs;
- the Children's Health Insurance Program (CHIP); and
- other U.S. Department of Education/Federal Partner Resources.[42]

40. U.S. Department of Education, Institute of Education Sciences, *What Works Clearinghouse. (2012). WWC review of the report: Randomized, controlled trial of the LEAP model of early intervention for young children with autism spectrum disorders*. Retrieved from http://whatworks.ed.gov.

41. Strain, P.S. & Bovey, E.H. II. (2011). Randomized, controlled trial of the LEAP model of early intervention for young children with autism spectrum disorders. *Topics in Early Childhood Special Education*, 31(3) 133–154. Retrieved from: http://journals.sagepub.com/doi/abs/10.1177/0271121411408740?journalCode=teca

42. U.S. Department of Education, *Topic Areas: Individuals with Disabilities Education Act*. Washington, D.C.: Department of Education. Retrieved from: https://sites.ed.gov/idea/topic-areas/

While IDEA includes certain minimum tasks required of a state/local Child Find effort, education agencies have wide latitude in how they implement the program to reach families. While it has not currently been explored, PFS funding could provide an avenue to evaluate the effectiveness of best practices for ongoing Child Find administration and fund an expansion of what works. In this potential project, a likely metric would be an *increase* in identification of early intervention/special education placement, given the general agreement in the field that many children with disabilities are missed in early identification efforts.

There are challenges to expanding Child Find, regardless of funding structure, including real-world implementation challenges. Evaluation for a PFS project would also be complex, including tracking placements long term and developing some measure of intensity of services. While some policymakers may initially balk at this idea of providing services to more children, there is potential for long-term cost-benefit based on what research tells us about earlier services reducing the intensity (and so, cost) of services needed in the future. In this way, expanding Child Find efforts using what works may meet the financial goals of education agencies and also provide earlier connection for children to services that will help them meet their educational goals. It is too early to determine whether expanding Child Find would be a good fit for a PFS structure but it is a novel approach worth considering to address the needs of the families.

CONNECTIONS WITH HOME-VISITING PROGRAMS

Pay for Success has also been used to expand maternal and infant home-visiting through the Nurse-Family Partnership Program in South Carolina, and has been considered to expand other home-visiting models. Given the robust evidence on many home-visiting programs, including those currently funded by the Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV), these interventions are prime candidates to consider PFS. Meta-analyses of several home-visiting programs, including Healthy Families America, the Parent-Child Home Program, and Parents as Teachers, indicate that these programs have a positive impact K-12 special education placement from a cost-benefit perspective.[43] The U.S. Department of Education and Health and Human Services have released a joint policy statement "Collaboration and Coordination of the Maternal, Infant, and Early Childhood Home Visiting Program and the Individuals with Disabilities Education Act Part C Programs" which helps to connect the opportunities in these two programs.

Of course, as we have discussed throughout this paper, reducing the need for later special education services is just one potential benefit in PFS projects; programs can have a positive impact for individuals and society by increasing identification to ensure early access to services. Trained home-visitors in most programs, whether they are nurses or community health workers, often make referrals to other services that can benefit a family; this likely has an impact on identification

43. Washington State Institute for Public Policy (WSIPP). (2012). Parents as Teachers. Documentation supporting Lee, S., Aos, S., Drake, E., Pennucci, A., Miller, M., & Anderson, L. (2012). *Return on investment: Evidence-based options to improve statewide outcomes, April 2012* (Document No. 12-04-1201). Olympia: WSIPP. Retrieved from: http://www.wsipp.wa.gov/ReportFile/1489.
WSIPP. (2012). Parent-Child Home Program. Documentation supporting Lee, S., Aos, S., Drake, E., Pennucci, A., Miller, M., & Anderson, L. (2012). *Return on investment: Evidence-based options to improve statewide outcomes, April 2012* (Document No. 12-04-1201). Olympia: WSIPP. Retrieved from: http://www.wsipp.wa.gov/ReportFile/1490.
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for early intervention services. For example, Family Connects, a light-touch universal newborn visiting model, develops a directory of existing services in each community in which they work for future referrals; this specifically includes early intervention.[44] The home-visiting PFS project in South Carolina is focused on maternal and child health outcomes, but there is a clear opportunity to consider the literature on home-visiting and its impact on special education and early intervention services.

EXPANDING PART C

Pay for Success can potentially play a role in expanding the availability of Part C services for children at-risk for delays. Many states have narrowed their Part C eligibility requirements due to financial constraints; children have little consistent access to developmental screenings and monitoring or other services if they are not found eligible for Part C.

Each state has wide latitude over the definition of who is eligible for services as well as the exact services provided; additionally, states do not rely solely on the limited federal funding but rather fund Part C service using a combination of state, local, private, and Medicaid funds. In 2010, less than 2 percent of Georgia's 0 to 3 population received Part C services, compared to about 7 percent in Massachusetts, one of the few states which chooses to serve children classified as 'at-risk' of delay.[45]

"Part C" does not refer to one particular service or model, but rather a variety of services that may be available to families based on their specific needs. These can include – but are not limited to – audiology, nursing services, occupational therapy, physical therapy, and vision services. Expanding these types of services through a funding mechanism outside of Part C could also benefit a significant number of children. Based on which particular interventions are selected, outcomes could move beyond just measuring whether children were or were not placed in special education services. These could include child outcomes (across domains or outcome areas) at exit from Part C (age 3) or improved kindergarten readiness across domains. Research does explore specific approaches to early intervention programs. For example, research on the Infant Health and Development Program, which provided early intervention to low birth weight and preterm infants, found long-term impacts on verbal abilities, cognitive performance, and reducing negative behavior such as arrest or school dropouts.[46]

Some PFS projects do include in their payment outcomes measures of the projects' performance - for example, the South Carolina Nurse-Family Partnership project includes in its outcomes an increase in the number of first-time moms served in predetermined ZIP codes with high concentrations of poverty.[47] In this vein, a Part C expansion project could also measure an increase in developmental screenings across the state.

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44. Goodman, W.B. & O'Donnell, K. (2016). *A community-wide approach to promoting health and well-being in early childhood*. Presentation at the Building Our Future: Strategies for Investing in Early Childhood Meeting.

45. US Department of Education. Office of Special Education Programs, Data Analysis System (DANS), OMB #1820-0557 (2010). Infants and toddlers receiving early intervention services in accordance with Part C, 2010. Table 8-16. *Number and percentage of infants and toddlers, ages birth to three, receiving early interventions services under IDEA*, Part C,. by state: 2010. Retrieved from: https://www.ideadata.org/arc_toc12.asp#partcCC

46. Adams, R.C. & Tapia, C. (2013). Early intervention, IDEA Part C services, and the medical home: Collaboration for best practice and best outcomes. *Pediatrics*, 132(4). Retrieved from: https://www.ncbi.nlm.nih.gov/pubmed/24082001

47. Xu, L. (2016). South Carolina Nurse–Family Partnership Pay for Success Project. Pay for Success in the U.S.: Summaries of Finances Projects. Greenville, SC: Institute for Child Success. http://pfs.instituteforchildsuccess.org/wp-content/uploads/2016/06/summary_of_pay_for_success_social_impact_bonds_South_Carolina.pdf

Part C has not been a component of any current PFS projects, though the Obama Administration's FY16 budget proposal would have allowed for up to $15 million of the Department of Education's IDEA Part C funds to be used for PFS projects.[48] While this provision was not enacted, its inclusion in the President's proposed budget helped catalyze explorations of how PFS can be used for infant and toddlers.

Medicaid funds are an important source of funding for special education services, *especially* in the Part C program. Currently, Medicaid is the largest federal funding source reported by states for their Part C Early Intervention systems.[49] While states foot the majority of the cost of Part C, Medicaid helps to defray system costs for infants and toddlers who receive early intervention services; between $4 and $5 billion per year in Medicaid funds is also used in schools to support services for children eligible for Medicaid.[50] These funds are used for specialized personnel (for example, occupational therapists, speech-language pathologists), transportation, and assistive technology (for example, speech-to-text tools, personal listening devices). A recent survey of Infant and Toddler coordinators makes clear that funding is a stressor across states, with respondents noting increased costs of services, state budget reductions, and reductions in federal Part C funds all play a role. Two states reported making changes to their state Medicaid plans to increase Part C service coverage in response to state fiscal issues, with another 9 states looking to make such changes in the near future.[51]

Medicaid is an appealing funder in some PFS projects as it is one of the largest financial players in health care nationwide and because the "Medicaid-eligible population is often similar to the populations targeted by PFS."[52] State Medicaid agencies are also likely to benefit in terms of improved health outcomes for their service recipients who participate in PFS health projects. However, while Medicaid is a funding source in every state, accessing funding for a PFS project may be a challenge due to differing regulations in each state and the need for approval from the federal government.

Medicaid is currently a participant in one PFS project focused on early childhood.[53] The South Carolina Nurse-Family Partnership PFS project uses a combination of Medicaid reimbursement and philanthropic funds to pay for its services to 3,200 moms across the project period. The state had to request a 1915(b) federal Medicaid waiver from the Centers for Medicare and Medicaid Services. This waiver allows the implementing agencies to receive $176 per NFP family from the South Carolina Department of Health and Human Services (the state Medicaid agency;[54] the Department stands to benefit from this project based on reduced Medicaid costs linked to improved health outcomes.

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48. Office of Management and Budget. (2016). Improving Outcomes through Pay for Success: FY16 Budget Fact Sheet. Available at: https://obamawhitehouse.archives.gov/administration/eop/sicp/initiatives/pay-for-success

49. Ullrich, R. (2017). *Cuts to Medicaid would harm young children with disabilities*. Center for American Progress. Retrieved from: https://www.americanprogress.org/issues/early-childhood/reports/2017/05/03/431766/cuts-medicaid-harm-young-children-disabilities/

50. Ullrich, 2017.

51. IDEA Infants & Toddlers Coordinators Association. (2017). *ITCA Annual Survey: State challenges and responses*. IDEA Infants & Toddlers Coordinators Association, Available at: http://ideainfanttoddler.org/pdf/2017-ITCA-State-Challenges-Report.pdf

52. Corporation for National and Community Service, Office of Research and Evaluation (2016). *Using Pay for Success in health care*. Washington, DC. Prepared for the Corporation for National and Community Service, Office of Research and Evaluation. Retrieved from: https://www.nationalservice.gov/sites/default/files/documents/FR_Using_Pay_for_Success_in_Health_Care.pdf

53. The Green and Health Homes Initiative is developing a project to reduce childhood asthma-related expenses based on housing improvements. As of this writing, it is in transaction structuring.

54. Association of State and Territorial Health Officials (2017). *Financing public health interventions through Pay for Success: South Carolina and the Nurse-Family Partnership seek to improve maternal and child health through Pay for Success*. Retrieved from: http://www.astho.org/Health-Systems-Transformation/Pay-for-Success-South-Carolina-Issue-Brief/

Medicaid funding covers about 45 percent of the project's costs (with the other 55 percent covered by philanthropic investors), a mixture of fee-for-services and PFS funding that could help increase service provision in other areas as well.[55]

To our knowledge, no jurisdiction has yet explored leveraging Medicaid funding to improve special education/early intervention services; we believe the time is ripe to begin these discussions.

(recommendations and considerations)

Support "pre-takeoff" projects and ongoing adjustments. Federal support for PFS has generally centered around funding feasibility studies or transaction structuring, but there is an acute need to invest in "pre-takeoff" needs to make sure everyone is prepared for the implementation. Many of the current deals have a pilot phase, where the data will not necessarily count toward the outcomes evaluation but it essential to working out kinks for the process. Upfront investors may be less interested in funding these slots, but government and philanthropic partners may be able to provide support.

Projects should also build in opportunities for reflecting on data and making course corrections as needed; this may need to be spelled out in contracts or can be done less formally. The DaSy Center (the Center for IDEA Early Childhood Data Systems) has provided some guidance around data considerations for determining PFS feasibility, including evaluating the availability and quality of existing data, considering stakeholder input into data collection methods, and the strength of the data on evidence of effectiveness.[56] The Chicago project provides a compelling example. As the CPC model was implemented at new sites for the PFS project, Kindergarten readiness impacts were smaller in the second cohort than in the first. Rather than simply treating this as a data point, the City of Chicago and Chicago Public Schools (two partners on the project) dug into the data and released an addendum exploring factors at the sites and teacher levels that may have influenced the program's performance.[57] Fidelity to implementation is essential for ensuring positive outcomes. It is also worth noting that, without the public visibility that comes along with Chicago's PFS project, stakeholders may not have been incentivized to examine implementation in such detail; the data collected from this project can be used to improve performance in a way that may not have happened in the absence of a PFS project.

PFS projects focused on special education need clear safeguards to ensure children's rights are protected. It is impossible to be too clear when it comes to spelling out protections for children when special education placement is considered as an outcome. The Chicago cohort two evaluation report provides an example of clear communication around this issue:

55. Allin, S. (2017). *South Carolina Nurse Family Partnership Pay for Success Project: Executive Summary*. Harvard Kennedy School Government Performance Lab. Available at: https://govlab.hks.harvard.edu/files/siblab/files/sc_nfp_pay_for_success_project.pdf

56. Tschantz, J., Cox, M.E., & Spiker, D. (2017, August). *The critical role of education data in early childhood Pay for Success efforts* [PowerPoint slides]. DaSy: The Center for IDEA Early Childhood Data Systems. Presentation at the 2017 NCES STATS-DC Data Conference, Washington, D.C.

57. City of Chicago and Chicago Public Schools. (2017). *Evaluation of child outcomes in nine Child-Parent Centers report for 2015-2016. Chicago Pay for Success Year 2 outcomes report addendum to the independent evaluation*.

> "Because we are not trying to prevent children with severe disabilities from receiving the special education services they need, we restricted our definition of special education outcomes to children who needed special education for mild delays or disabilities defined as those children who had an IEP for the following: speech and language issue (S/L), developmental delay (DD), emotional disturbance (ED), which is the only information available in the administrative dataset describing the type and severity of disability. This helps avoid the perverse incentive of withholding special education services from children with severe disabilities."[58]

By being clear about the definitions used, the Chicago evaluators mitigate fears about the denial of services for children who have severe disabilities in the interest of meeting outcome benchmarks.

In both Utah and Chicago, care has been taken to ensure that teachers and administrators do not know a child's PFS status to also avoid this perverse incentive. In Utah, only a subset of students is in the payment cohort, but *all* students were funded by the PFS financing method (and at the time of writing, about 1,000 of the approximately 3,000 preschool children district-wide were funded through PFS financing), and teachers do not know the child's PPVT score to know whether they are included. In Chicago, while all children in specific classrooms are considered for the cohort, special education status for payment is based on placement in Kindergarten or later, so teachers would not readily know where a child was served the previous year and if that site was a PFS participant.

PFS is in its infancy as a financing tool and there is an opportunity to help shape the discussion around appropriate outcomes and safeguards. The current Department of Education-funded feasibility studies will be instructive in this conversation, as the grantees engage with stakeholders in the special education community, build safeguards into these studies and share learnings. Explicit inclusion of special education advocates and providers should be the norm for any project considering special education placement as an outcome metric.

Safeguards are also necessary for any futures projects that would seek to expand early intervention services or curriculum designed for children with disabilities. Any PFS project needs to carefully consider the metrics to be used and the magnitude of change expected, to ensure that the impacts are meaningful not only for communities and investors but for the individuals who are at the heart of these projects. If an intervention has been shown to have differentiated impacts based on demographics, that should be taken into account in terms of setting outcome targets. At the same time, targets should never be lessened from an assumption that children with delays or disabilities cannot achieve them; rather, outcomes should reflect the high expectations of children with disabilities reflected in both the IDEA and the Department of Education's policy statement on preschool inclusion.[59]

Pay for Success has to be implemented for the right reasons. PFS financing has the opportunity to bring much needed resources to some of the most effective programs serving families and children; yet, PFS is complex and should not be utilized just because it is trendy or innovative. All stakeholders must have a strong commitment to outcomes and building the evidence base on what works.

58. Gaylor, et al. 2017.

59. U.S. Department of Health and Human Services & U.S. Department of Education, 2015.

Communication among partners is essential at all stages, as is external communications. Communication has a place throughout each stage of a PFS project, especially in the feasibility study. Engaging potential service provider, investors, funders, government actors, and interest stakeholders early and often is the best way to build consensus around a project and respond early to any concerns. Particularly where the special education population is considered in a PFS project, safeguards should be discussed and developed from the feasibility study process, not developed only once formal transaction structuring begins. All stakeholders should understand the concerns raised as well as the solutions developed. This need for communications was codified in the RFP for Department of Education feasibility studies, requiring applicants to details "the extent to which the work plan includes outreach to and involvement of the representatives from the State and local special education community or individuals with special education expertise, including groups representing families."[60] This commitment to communications should be manifest in all PFS projects related to the special education community, no matter the funding source.

People are at the heart of projects. It is easy, in talking about feasibility studies, transaction structuring, and outcome evaluation, to get caught in the process and technicalities of a PFS project. At their heart, these projects are about investing in expanded, quality services for populations that can benefit. Whether projects consider special education placement as an outcome metric or look to expand services, we can be well-guided by adopting the doctor's oath to "do no harm." In both Chicago and Utah, the raw data reflect that these programs are having an impact, as we would expect in an outcomes-based financing method. But the human reflection on their impact matters. Reflecting on Utah's results, Salt Lake County Mayor Ben McAdams noted "Putting kids on the path to success turns out to not only be the right thing to do, but also the fiscally responsible thing to do."[61]

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60. Applications for New Awards; Preschool Development Grants-Preschool Pay For Success Feasibility Pilot

61. United Way of Salt Lake, 2015.

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Headquartered in Greenville, South Carolina, the Institute for Child Success (ICS) is an independent, nonpartisan, nonprofit research and policy organization dedicated to the success of all young children. ICS pursues its mission by

- Proposing smart public polices, grounded in research.
- Advising governments, nonprofits, foundations, and other stakeholders on strategies to improve outcomes.
- Sharing knowledge, convening stakeholders, embracing solutions, and accelerating impact.
- Modeling, encouraging and cultivating catalytic, innovative leadership in early childhood.