# Expanding High-Quality Services in Tallahassee's Promise Zone (Results of a Feasibility Study)

**JUNE 2018**

PFS
PAY FOR SUCCESS

(by)
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**Institute for Child Success**

With support from the Institute for Child Success, the Office of the Mayor or Tallahassee and the Office of State Representative Loranne Ausley studied the feasibility of using Pay for Success, an innovative financing mechanism, to improve outcomes for children and families in Leon County's designated Promise Zone (PZ). Pay for Success (PFS) financing, also called "Social Impact Bonds," can bring new resources, new partners, and a new focus on outcomes to early childhood services. Tallahassee was one of two jurisdictions selected to receive technical assistance from ICS in 2017 through the U.S. Social Innovation Fund's Pay for Success program. The feasibility study focused on doubling the reach of the Big Bend Quality Improvement System's (QIS) early learning pilot in the Promise Zone, with a primary focus on Early Head Start. Keeping in mind the breadth of need within the Promise Zone, Tallahassee's feasibility study expanded to include Family Connects, Healthy Families America, and Healthy Start.

At the direction of the Office of the Mayor, the latter half of this ten-month feasibility study prioritized *program impacts*, with the completion of steps not directly tied to impact postponed and likely to be completed after the official end of the feasibility study partnership. The study concluded that the use of Pay for Success financing to improve outcomes for children and families in Leon County's Promise Zone is feasible on five out of nine indicators, corresponding to five of the key feasibility study steps already completed.

1) The **Outcome Analysis** indicated that there are impact outcomes backed by strong evidence present.
2) The **Data Assessment** indicated that there are impact outcomes that can be adequately measured in Tallahassee.
3) The **Baseline Analysis** confirmed that there are three-year baseline data for target population for the two impact outcomes.
4) **Impact on Outcomes** projections indicated that the impacts on outcomes for which we have baselines are significant and/or very important locally.
5) A review of **Cost-Benefit Analyses** showed that the benefit of expanding the remaining programs exceeds the costs.

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Tallahassee's commitment to improving the quality of early learning, a core focus of Mayor Gillum's *Family First* initiative, was in large part the impetus for this feasibility study. While the Outcome Analysis pointed to kindergarten-readiness as an Early Head Start outcome that is potentially suitable for Pay for Success, baselines for socio-emotional functioning and literacy at kindergarten entry proved difficult to access. Should three-year baselines for these two components of kindergarten-readiness become available in the future, Early Head Start could make for a strong addition to a Pay for Success project in Tallahassee. Family Connects, Healthy Families America, and Healthy Start together produce at least two outcomes in Tallahassee that meet the criteria for Pay for Success financing, and research indicates that the benefits of investing in in these programs significantly exceed the costs.

Because much of the research for Healthy Start overlaps with that of Healthy Families America—as these programs function as one and the same in many parts of the country and have for years—the remainder of this Executive Summary focuses primarily on Healthy Families America and Family Connects.

# (the need)

### NUMBER OF FAMILIES IN NEED

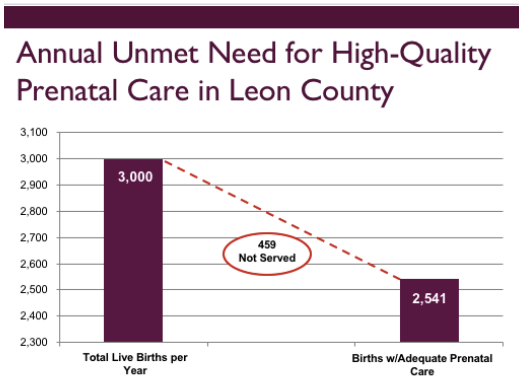
Many families in Leon County are limited by inadequate healthcare and resources for children ages zero–five. In fact, 30% of mothers in Leon County receive inadequate prenatal care, and 10% of births are preterm. In addition, from 2011-2016, Medicaid was the primary form of insurance for 47% of mothers who gave birth in the County. A full 17% of families with children under the age of five were living in poverty, which translates to 3,650 preschool-age students in poverty in Leon County.

Leon County's Promise Zone—an area that includes Tallahassee's South City and Frenchtown—fares poorly. All seven schools in the Promise Zone have a free and reduced lunch eligibility rate of 100%. The poverty rate in the PZ is two times that of the citywide average, and the unemployment rate is three times that of the citywide average. The majority of Leon County's low birth weight babies and those born on Medicaid are in the Promise Zone. Further, Leon County's infant E.R. visits and hospital admissions come mostly from Promise Zone zip codes. The highest rates of low birth weight babies in Tallahassee are concentrated in the Promise Zone, which also has disturbingly high rates of infant mortality.

The Office of the Mayor of Tallahassee in partnership with the Office of Representative Ausley saw an expansion of high-quality early childhood programs as a solution to the state's poor prenatal, maternal, and child outcomes. The Big Bend Quality Improvement System (QIS), in particular, currently serves 250 children in the Promise Zone. By doubling the

number of children served to 500, the city of Tallahassee can get closer to serving more of the 1,636 currently unserved children in the Promise Zone.

In thinking about need more along the lines of prenatal and maternal health, an estimated 459 live births each year in Leon County occur wherein the mother has received inadequate prenatal care.[1] It is likely that the majority of these births are from women living in the Promise Zone.




# (feasibility of home visiting: Healthy Families America and Family Connects)

Pay for Success financing (PFS) is a funding approach that addresses both the need to scale up proven programs and the scarcity of government funds to pay the up-front costs of expansion. PFS is a partnership in which philanthropic funders and private "impact investors"—not governments—often provide the initial capital to scale these programs. Nonprofits or public agencies deliver the actual program services. The government pays for the outcomes only if an impartial evaluator determines that the program has achieved agreed-upon measures of success. A PFS project also increases accountability for government spending and uses public-private partnerships to achieve the city's goals. It is one tool available for jurisdictions to expand programs that can benefit families and children.

## OUTCOMES AND MEASURABILITY

ICS conducted a rigorous Outcome Analysis to determine whether the identified programs produced outcomes that may be suitable for a PFS transaction; the analysis focused on the Big Bend QIS, Early Head Start, Family Connects, Healthy Start, and Healthy Families America. These programs were found to produce six impact outcomes with sufficiently

[1] March of Dimes Inadequate prenatal care: Florida, 2012-2015 Average (15.3%) <https://www.marchofdimes.org/Peristats/ViewSubtopic.aspx?reg=12&top=5&stop=34&lev=1&slev=4&obj=18>

rigorous evidence to support the findings. Of these, two are PFS-suitable, with measures already in place to establish baselines and measure impact on these outcomes:

1. Decreased Low Birth Weight
2. Decreased Infant E.R. Visits

Decreased Low Birth Weight is an outcome associated with the Healthy Families America program. Decreased Infant E.R. Visits is an outcome associated with Family Connects. Low Birth Weight is currently tracked by the Florida Department of Health, and rates of Infant E.R. Visits are tracked by Tallahassee Memorial HealthCare and the Agency for Healthcare Administration.

Quality early learning is a great need within the Promise Zone, and remains a priority in Tallahassee. While kindergarten-readiness was found to be an impact outcome that Early Head Start implementation yields, three-year baselines for the outcome's two components—Socio-emotional Functioning and Literacy at Kindergarten Entry—were unavailable. Therefore, impact on the kindergarten-readiness outcome could not be projected, rendering it currently unsuitable as a payment trigger in a future PFS project.

## COSTS AND BENEFITS

A review of existing cost-benefit analyses of Healthy Families America and Family Connects demonstrates that the benefits of these programs exceed the costs. A randomized control trial of Healthy Families New York found that every $1 invested into the program resulted in $3.16 of benefits for participants at-risk for child maltreatment.[2] Similarly, a review of Family Connects found that every $1 invested into the program can be expected to produce $3.02 in benefits.[3]

There are macroeconomic benefits associated with the outcomes produced by these programs as well. Economic analysis shows that expanding home visiting programs can improve Tallahassee's economy in the form of increased school readiness for child participants over the long term, more self-sufficient families, and increased crime prevention as a result of decreasing child maltreatment.[4]

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[2] DuMont, Kimberly et al, *A Randomized Trial of Healthy Families New York (HFNY): Does Home Visiting Prevent Child Maltreatment?* October 2010.
[3] Dodge, Kenneth Ph.D. et al. *Implementation and Randomized Controlled Trial Evaluation of Universal Postnatal Nurse Home Visiting: Impact on Emergency Care,* November 2013, The American Academy of Pediatrics.
[4] Kara Billings and Sarah Baizer. *Parenting Works: The Public Safety and Economic Benefits of Home Visiting.* January 2018.

## IMPACT OF EXPANDING HEALTHY FAMILIES AMERICA & FAMILY CONNECTS

Based on the projected impacts on outcomes for Healthy Families America and Family Connects, we are able to estimate the projected impacts per cohort. There are some limitations and assumptions underlying these projections; one such limitation is the fact that the current take-up rate for Healthy Families America is unknown. Further, baselines are not all specific to the Promise Zone (they are for Leon County as a whole, or certain zip codes within the Promise Zone). These projected impacts on outcomes are outlined below, and they stand to make a marked improvement in the lives of many of Tallahassee's most vulnerable citizens.

| Outcome | Baseline | Projected Impact per Cohort |
|---|---|---|
| **Low Birth Weight** | 12% | 74 fewer LBW babies |
| **Infant E.R. Visits** | 74% | 1,143 fewer visits |

# (conclusion)

The expansion of services for children and families using Pay for Success financing in Tallahassee is feasible on five indicators, and unknown on the remaining four indicators. Tallahassee will have a full conclusion about feasibility after assessing the additional four indicators. Key next steps to complete the feasibility study are to assess the readiness of service providers to expand, detail at least one viable plan for expansion that includes budget estimates, and to create a PFS financing structure.

| Indicator | Feasible? |
|---|---|
| Impact Outcomes w/Evidence | Yes |
| Outcome Measurement | Yes |
| Baselines for Target Population | Yes |
| Impact on Outcomes | Yes |
| Costs & Benefits | Yes |
| Service Provider Assessment | In Progress |
| Expansion Plan | In Progress |
| Project Funders/Investors | Unknown |
| Project Outcome Payor(s) | Unknown |

## CONTACT

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Legislative Assistant at the Office of Representative Ausley (Leisa.Wiseman@myfloridahouse.gov). You may also contact **Mary C. Garvey**, Director of Innovation and Inclusion at the Institute for Child Success (mgarvey@instituteforchildsuccess.org).

*This material is based upon work supported by the Corporation for National and Community Service (CNCS) under Social Innovation Fund Grant No. 14PSHSC001. Opinions or points of view expressed in this document are those of the authors and do not necessarily reflect the official position of, or a position that is endorsed by, CNCS.

# Expanding High-Quality Services to Leon County's Promise Zone: Tallahassee Pay for Success Feasibility Study Highlights

June 2018

This study was conducted by The Office of the Mayor of Tallahassee, Andrew Gillum, and the Office of State Representative Loranne Ausley in partnership with the Institute for Child Success. This presentation provides a mere snapshot of multiple rigorous analyses that constitute the study.

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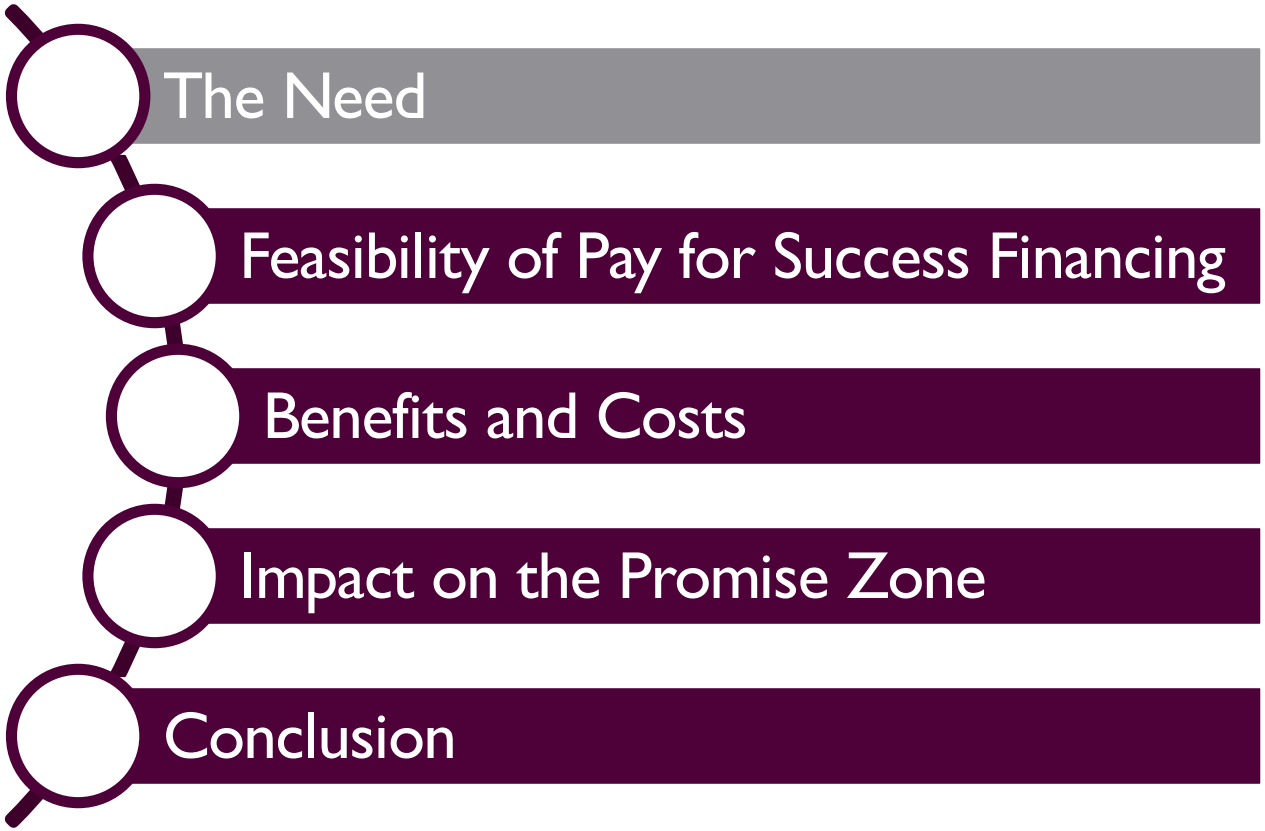
# Feasibility Study Partners

- City of Tallahassee Office of the Mayor
- Office of State Representative Loranne Ausley
- Early Learning Coalition of the Big Bend
- Whole Child Leon

# Roadmap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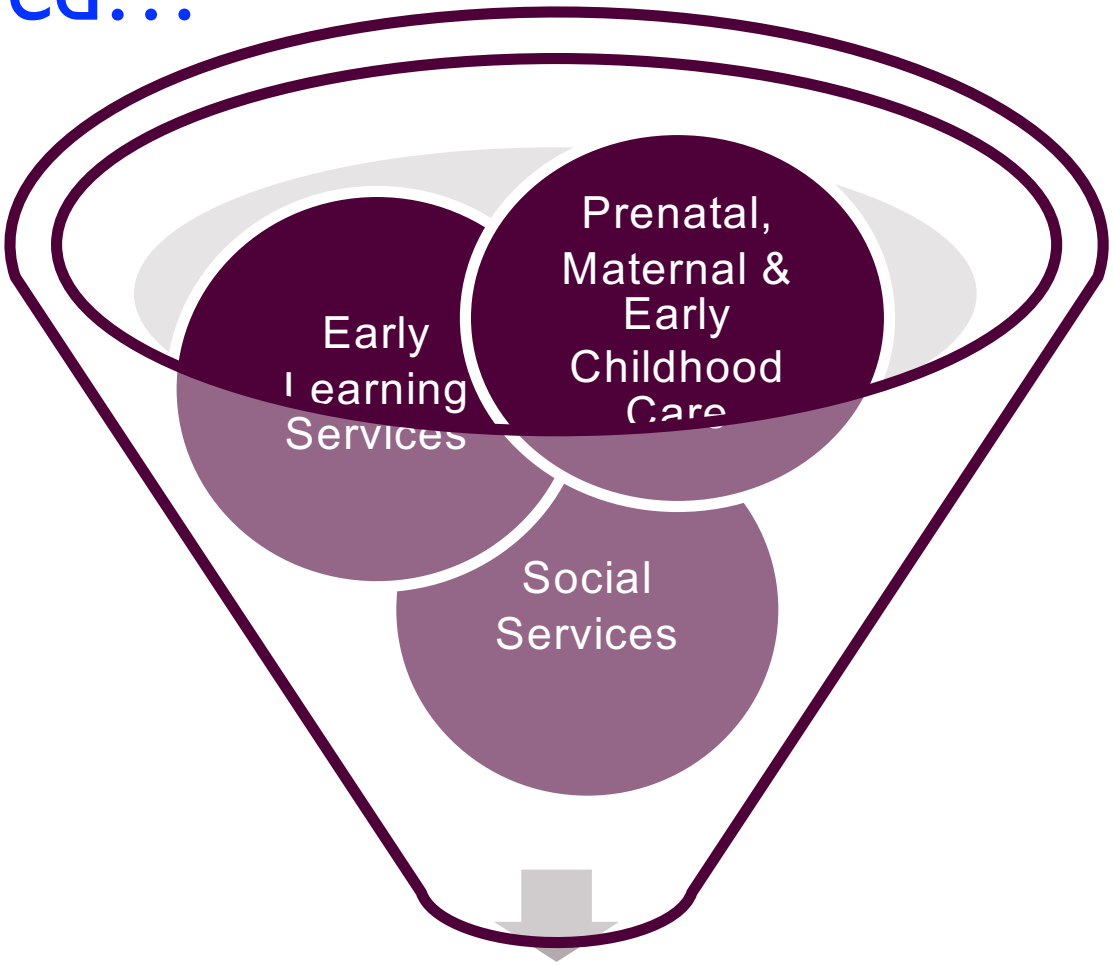
# The Problem in Leon County: Inadequate Healthcare and Resources for Ages 0-5

- 15% of mothers receive inadequate prenatal care
- 10% of births were pre-term
- Nearly 50% of births paid for by Medicaid (2011-2016)
- 17% of families w/children under 5 were living in poverty

**3,560 preschoolers**

# What is Needed in the Promise Zone?

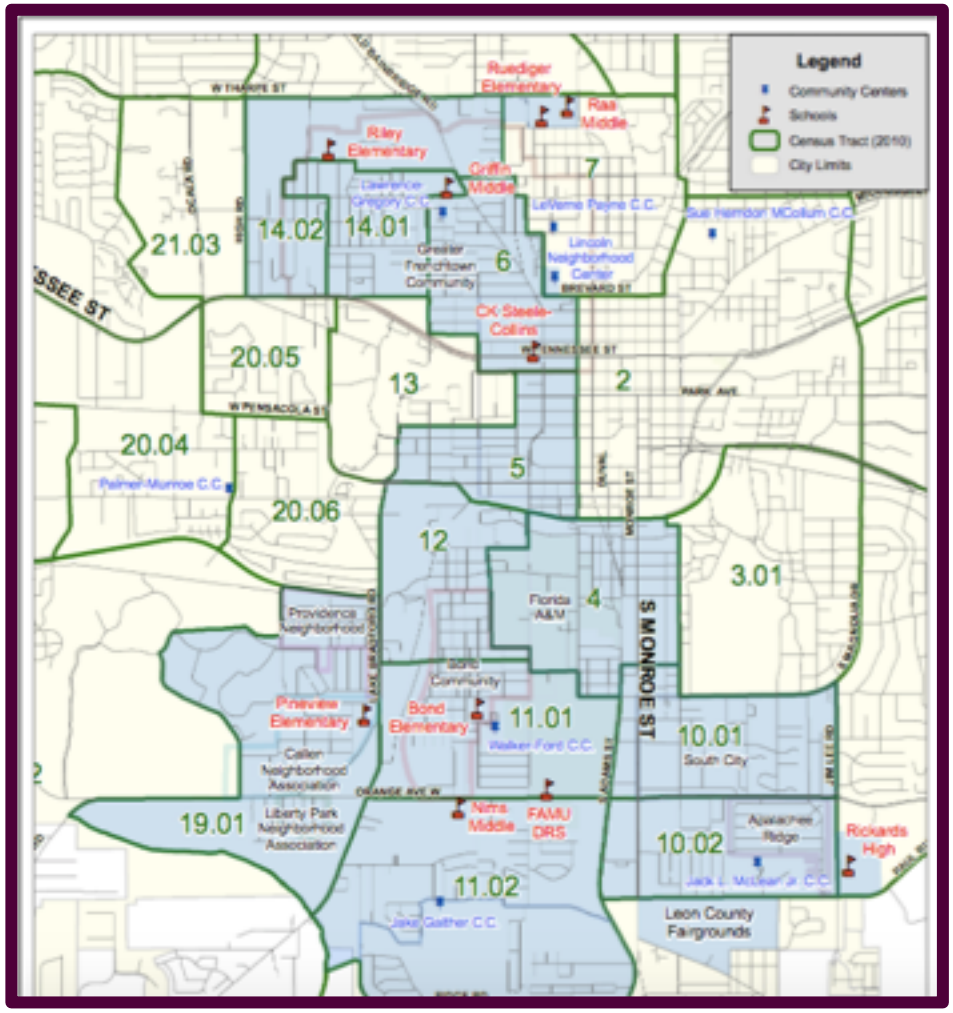
- Improved…



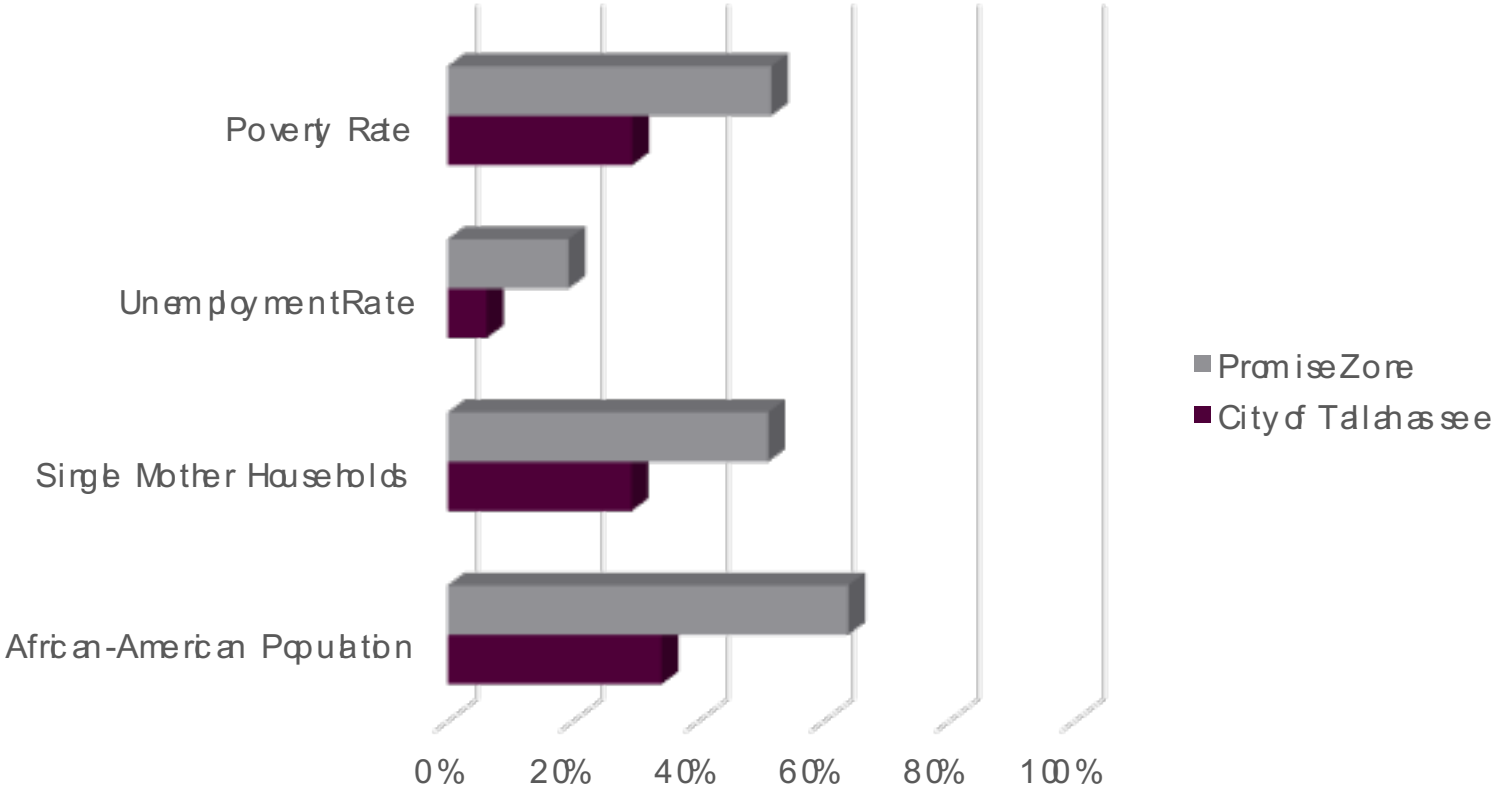

**A More Prosperous Promise Zone**

# Promise Zone Demographics

- Includes South City and Frenchtown
- All 7 schools in the zone have a free and reduced lunch eligibility rate of 100%
- 15% of residents 25 and up do not possess a high school diploma

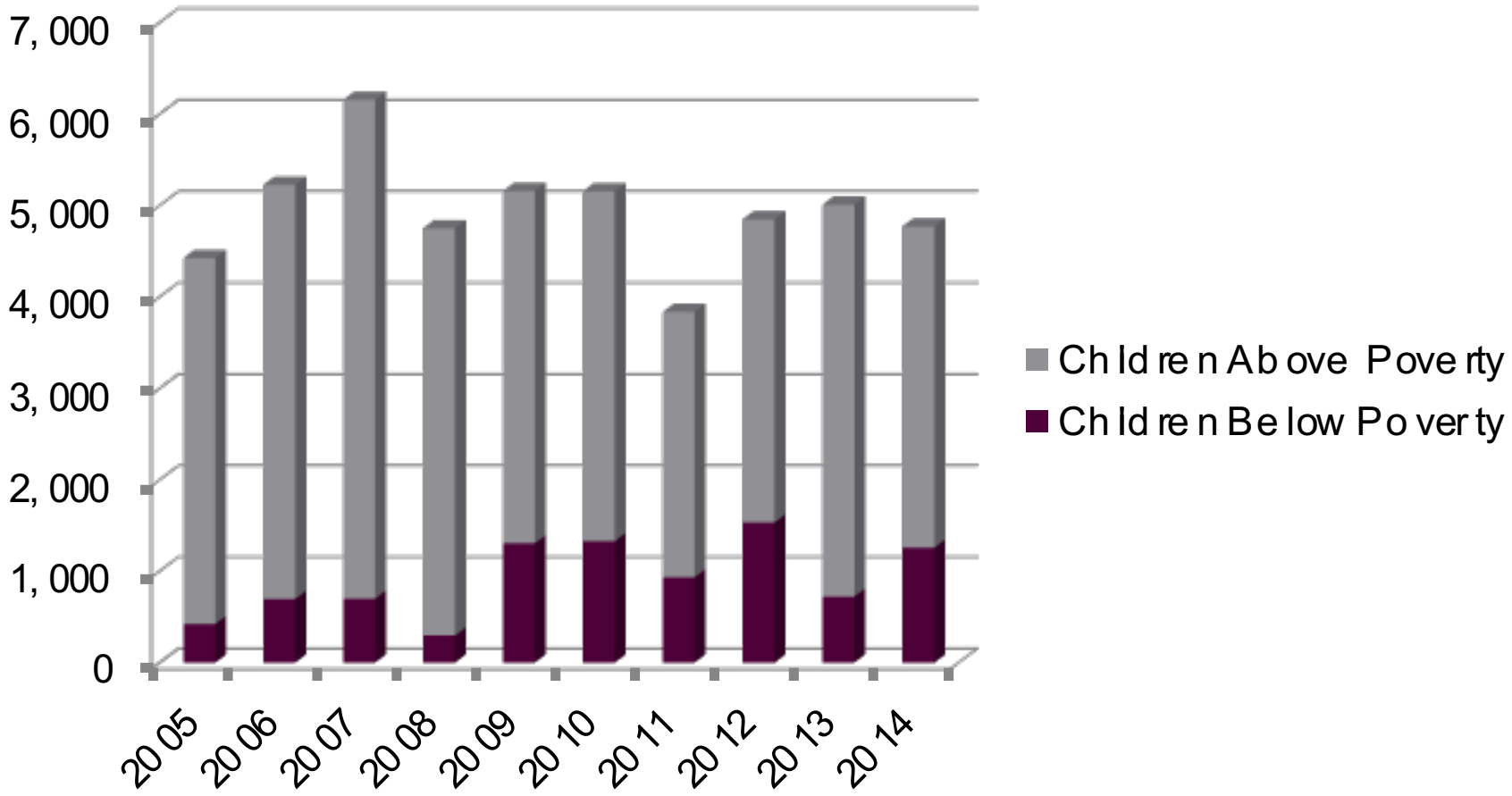


# Promise Zone Fares Poorly on Social Indicators



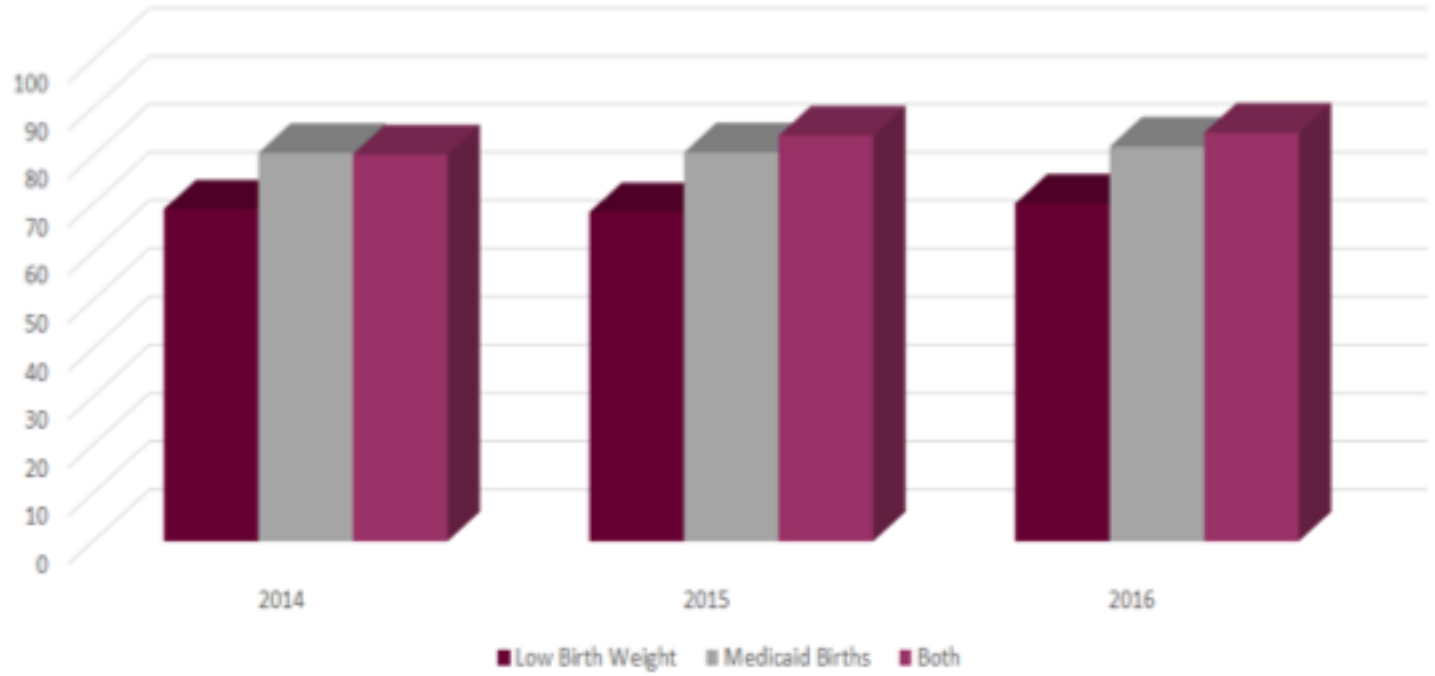

**Source**: City of Tallahassee, Promise Zone Application Narrative, 2014

# Leon County Preschool Enrollment



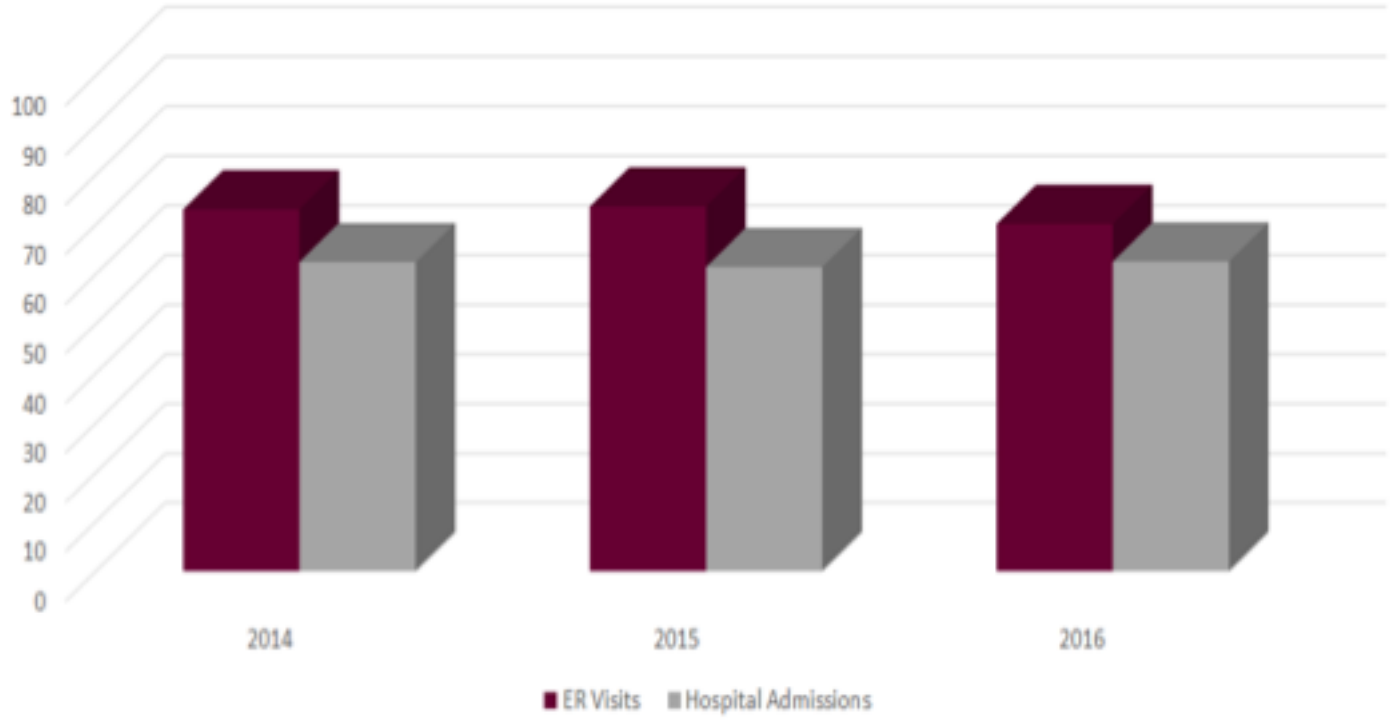

**Source**: Extrapolated from US Census Bureau, American Community Survey

# Majority of Leon County's Low Birth Weight Babies & Those Born on Medicaid are in the Promise Zone



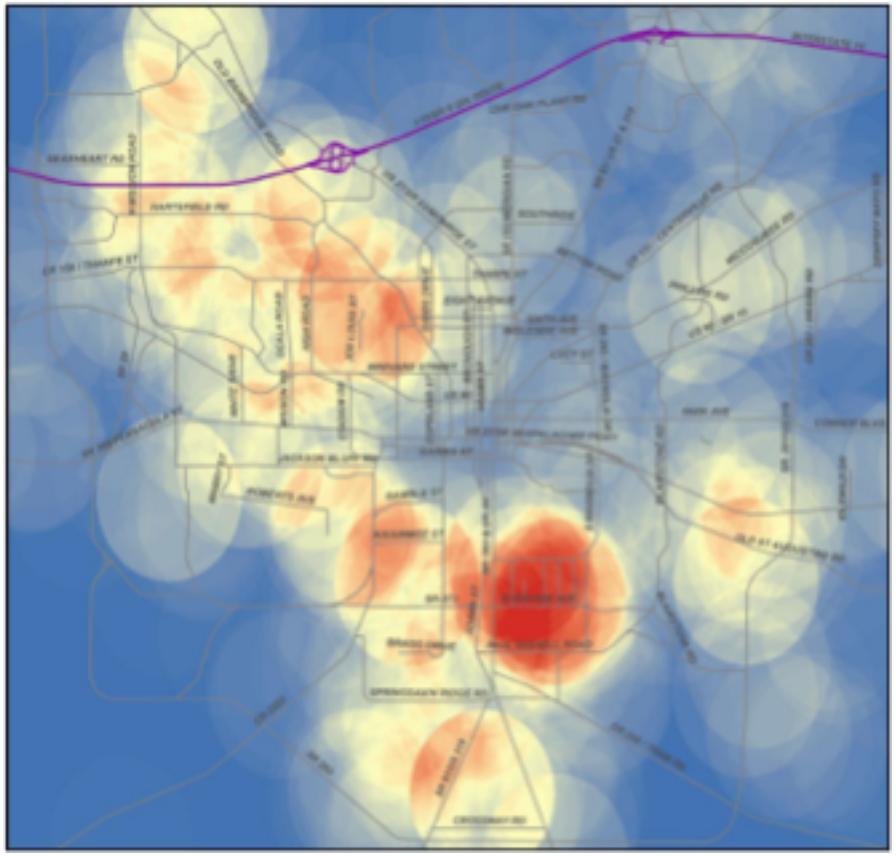

**Source**: Extrapolated from Florida Department of Health, Bureau of Vital Statistics

# Leon County's Infant E.R. Visits & Hospital Admissions Mostly in Promise Zone Zip Codes



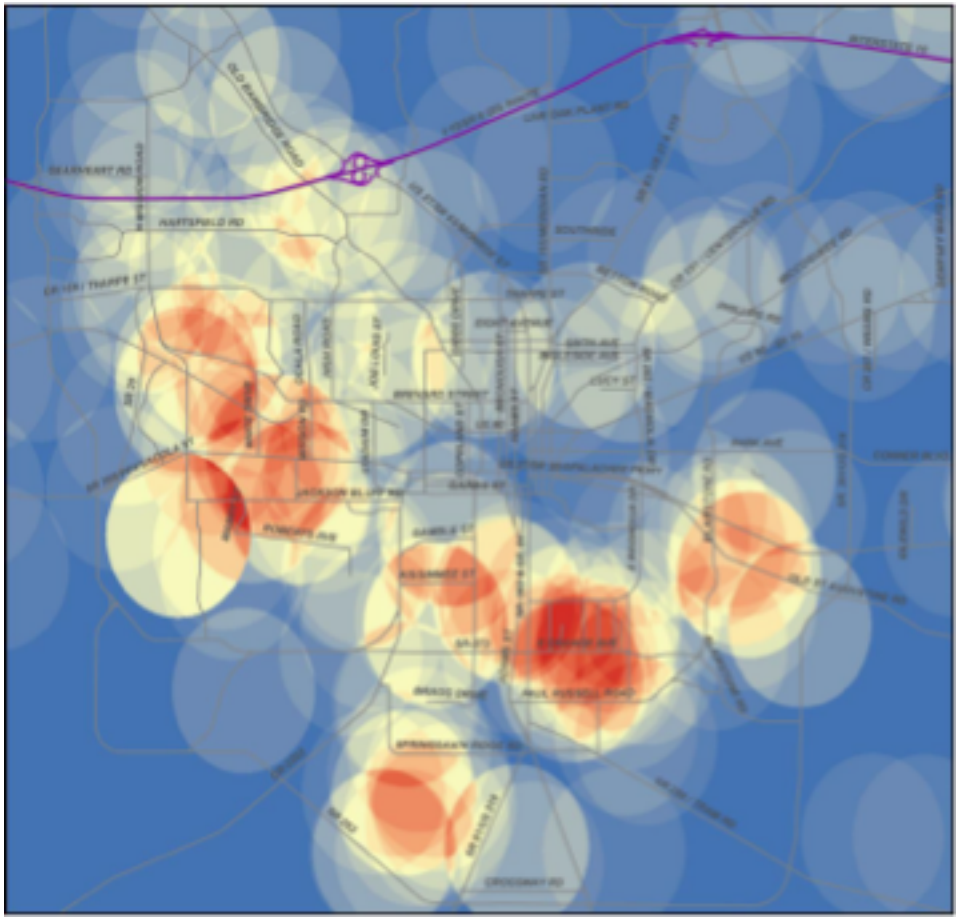

**Source**: Tallahassee Memorial HealthCare

# High Rates of Low Birth Weight Babies in Tallahassee Concentrated in the Promise Zone



**Source**: Florida Department of Health, Bureau of Vital Statistics

# Disturbing Rates of Infant Mortality in Tallahassee



Source: Florida Department of Health, Bureau of Vital Statistics

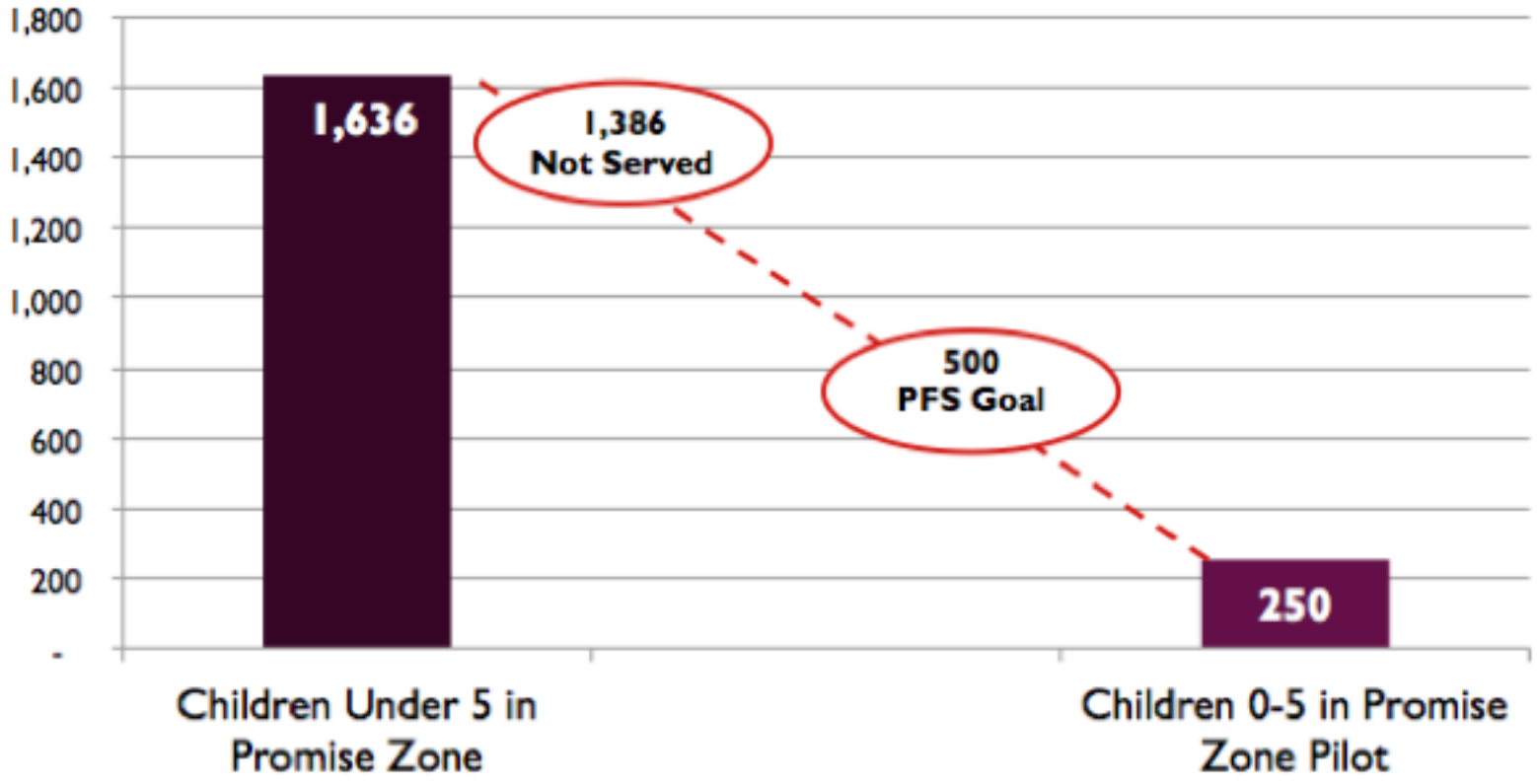
# Some Key Outcomes to Improve for a Thriving Tallahassee

- Kindergarten Readiness
- Infant E.R. Visits
- Low Birth Weight

# Target Population by the Numbers

| | |
|---|---|
| 282,940 | • Leon County |
| 31,672 | • Promise Zone |
| 1,636 | • Under 5 |
| 1,386 | • 0-5 Unserved |
| 500 | • QIS Goal |

# Unmet Need: High-Quality Early Learning in Leon County's Promise Zone




**Source:** U.S. Census Bureau, 2010 Census

# A Possible Solution: Expanding Evidence-Based Programs

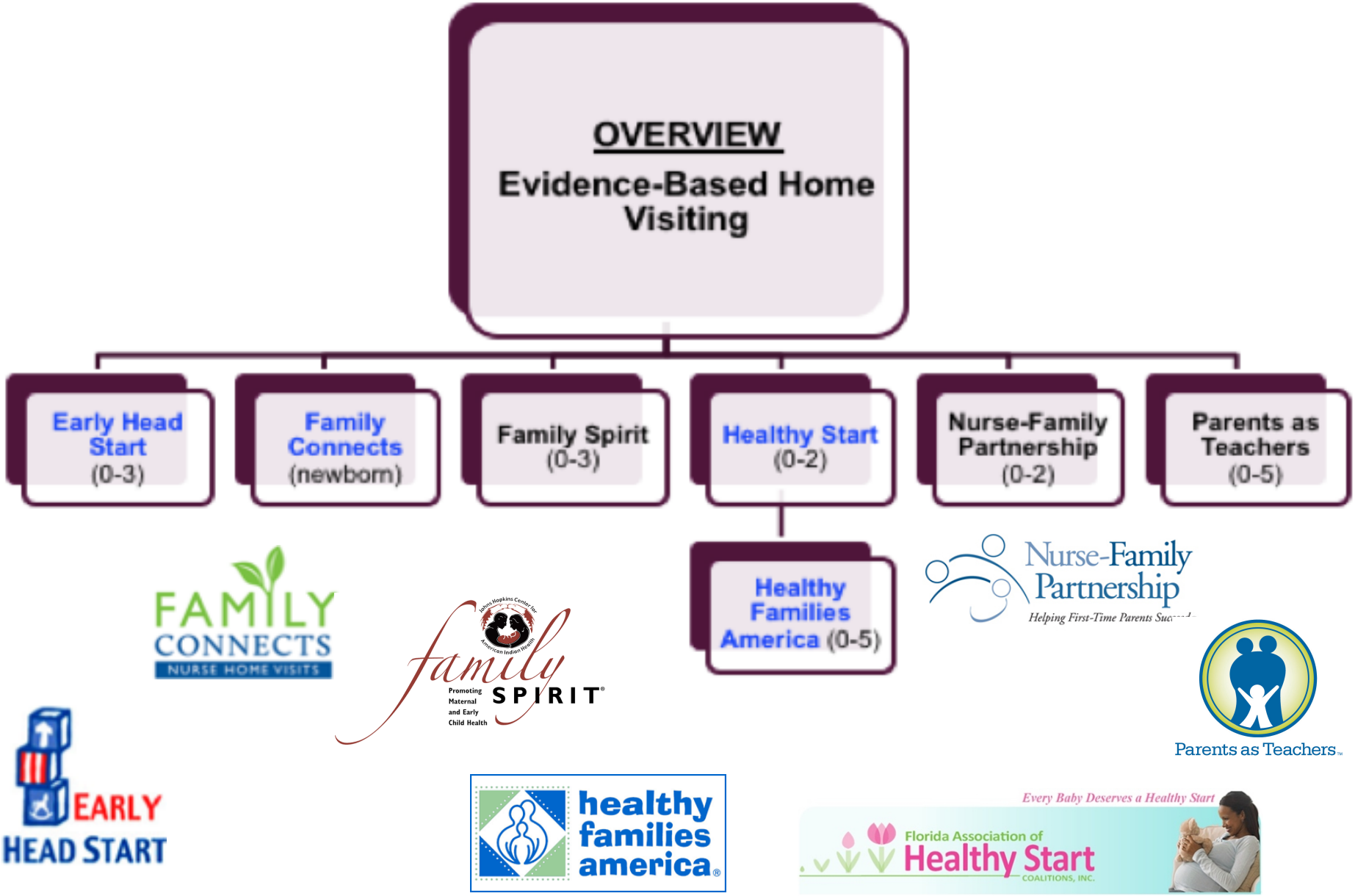
| Intervention |
| --- |
| Big Bend Quality Improvement System (QIS) |
| Early Head Start |
| Family Connects |
| Healthy Start |
| Healthy Families America |

# Big Bend Quality Improvement System (QIS)

5-level program through which providers demonstrate progress toward **quality standards**

1) Program management
2) Family engagement
3) Curriculum
4) Assessment
5) Environment

Early Learning Coalition of the Big Bend Region




**Note:** Not a comprehensive list, but rather meant to reflect potentially similar EBHV programs.

# Early Head Start

Created for low-income pregnant woman, infants, and toddlers

Child development and parental support services are offered prenatally and end by age 3

EARLY HEAD START

# Family Connects

Created for all families with newborns living in a designated area

Nurse home visits beginning at 3 weeks old include up to 3 newborn weight & health checks & a mother and infant health risk factor screening

FAMILY CONNECTS
NURSE HOME VISITS

# Healthy Start

Created to improve access to quality healthcare for pregnant women & their families

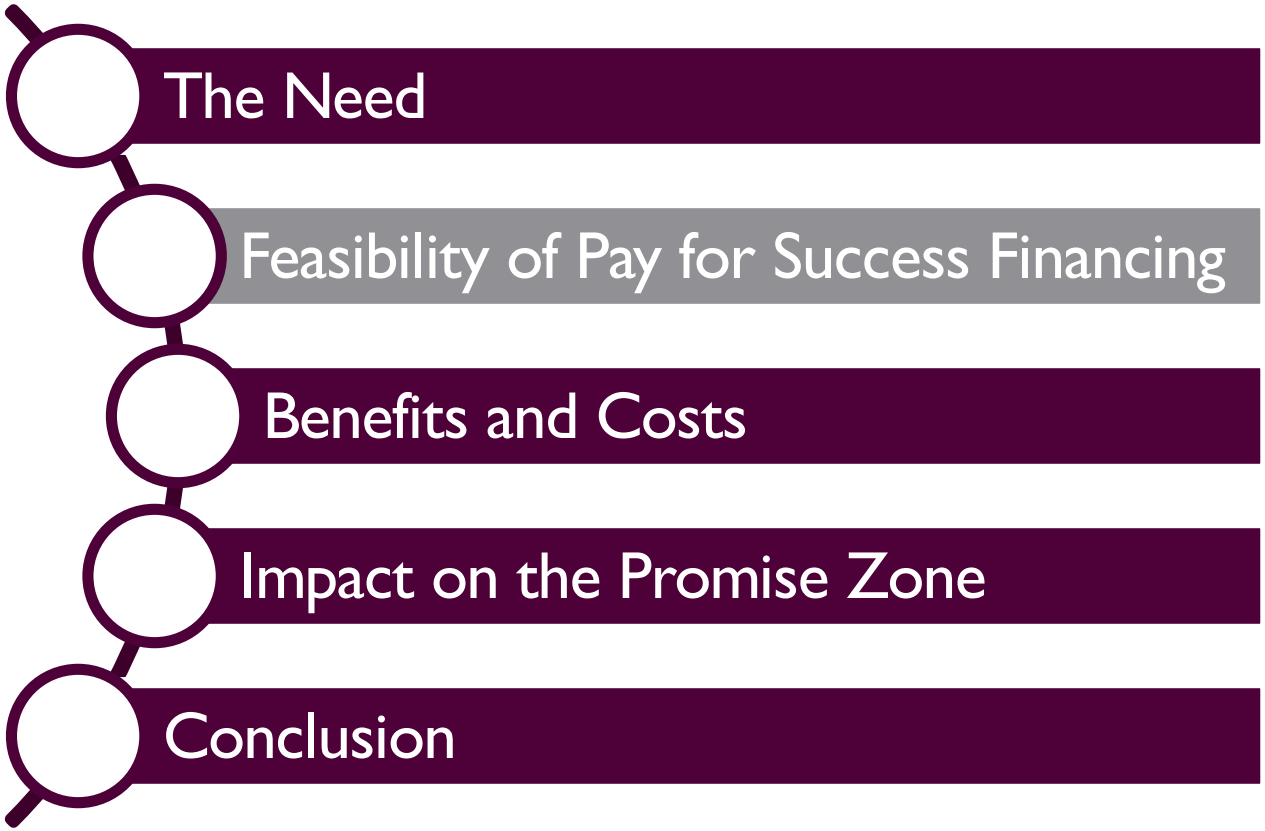
Services begin prenatally and end by age 2

# Healthy Families America

As a replication of the Healthy Start model, created for families at risk for Adverse Childhood Experiences, such as child maltreatment

Home visiting services begin prenatally or right after birth and end between ages 3 and 5

# Roadmap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# Can Tallahassee Expand High-Quality Services Through Pay for Success?

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The City of Tallahassee was competitively selected to receive federally funded technical assistance from Institute for Child Success

## 10-month feasibility study

- Outcome Analysis
- Baseline Analysis
- Impact on Outcomes
- Cost-benefit Analysis

# Key Features of Pay for Success Financing

Government contracts to pay for agreed-on, measurable **RESULTS**

An impartial evaluator assesses whether results are achieved

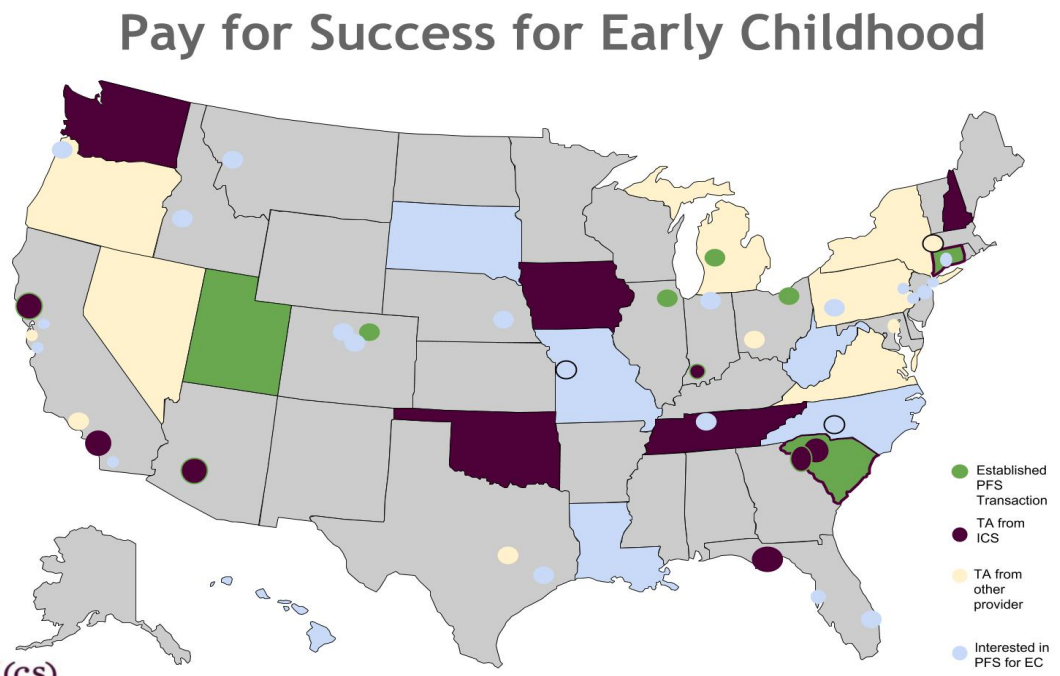
**EVALUATION**

Providers expand effective programs

**EXPANSION**

# Innovative Funding for Preventive Programs

- ✓ Pay for Success is a new funding mechanism based on outcomes
- ✓ Supported by the federal government




*Over 60 U.S. jurisdictions pursuing or using PFS to fund early childhood programs*

# The Outcome Analysis

Which outcomes are present in the research literature and in program evaluations?

Of those outcomes, which may be suitable as a payment trigger in a PFS project?

# Assessing Outcomes for Pay for Success

1. There must be sufficient **EVIDENCE** to persuade investors to invest.
2. It must truly be an **OUTCOME**.
3. The outcome must occur in a **TIMEFRAME** that investors will accept.

# *All* Outcomes Found in Research

- Increased Kindergarten Readiness
- Decreased Low Birth Weight
- Decreased Maternal Depression
- Decreased Homelessness
- Decreased Infant E.R. Visits
- Decreased Healthy Birth Spacing

# We Analyzed the Research and Concluded…

There are at least 2 outcomes that meet criteria for PFS financing

# PFS-Suitable Outcomes Include…

- Decreased Low Birth Weight
- Decreased Infant E.R. Visits

# How Can We Measure These Outcomes in Tallahassee?

| Outcome | Data Source |
| --- | --- |
| **Low Birth Weight** | Florida Department of Health |
| **Infant E.R. Visits** | Tallahassee Memorial HealthCare/Agency for Healthcare Administration |

# Feasibility of Remaining Outcomes

## Kindergarten Readiness

- Socio-emotional functioning & literacy at K-entry
- **Baselines** not currently available

## Maternal Depression

- No known reliable form of **measurement** locally

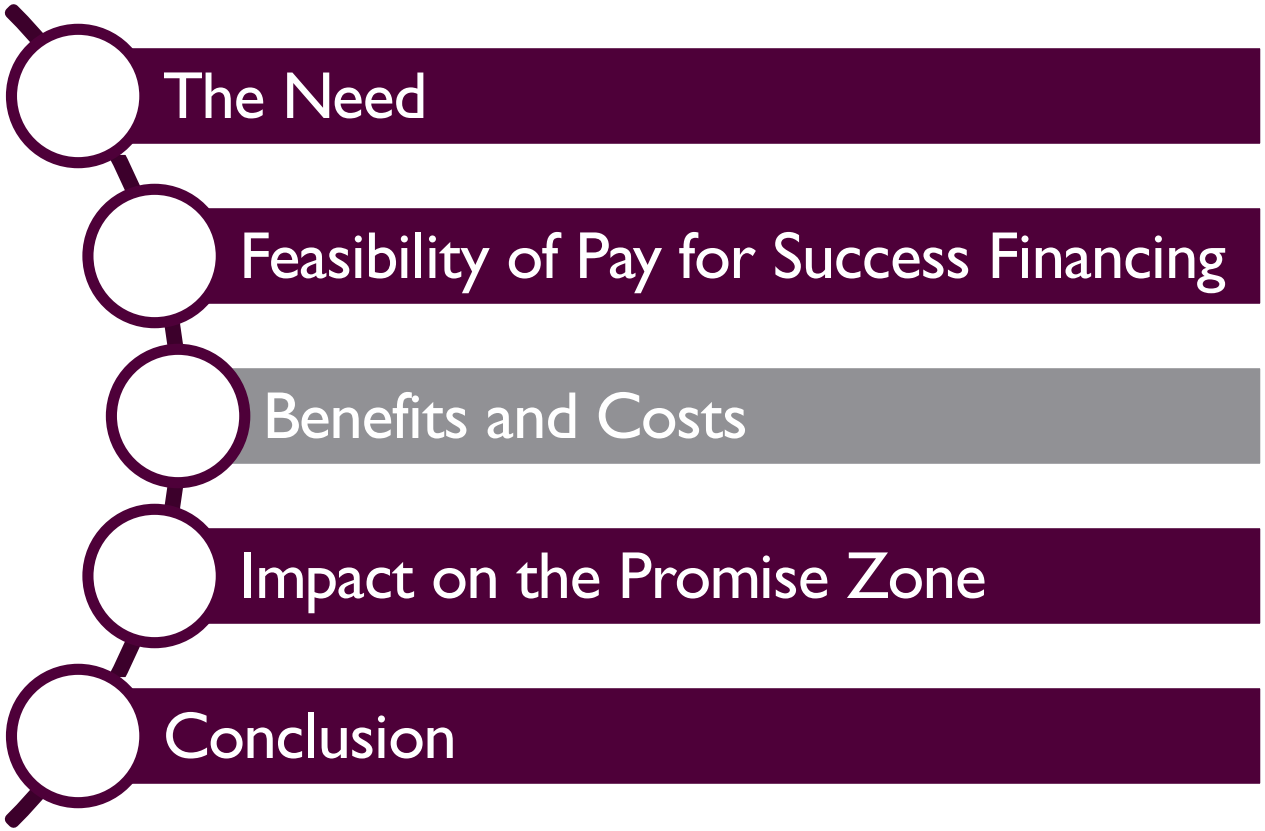
## Healthy Birth Spacing

- **Ethical considerations** & inherent threat to agency of low-income moms

## Homelessness

- Ongoing conversation about best **impact size** and method of home visiting **outreach** to the homeless

# Roadmap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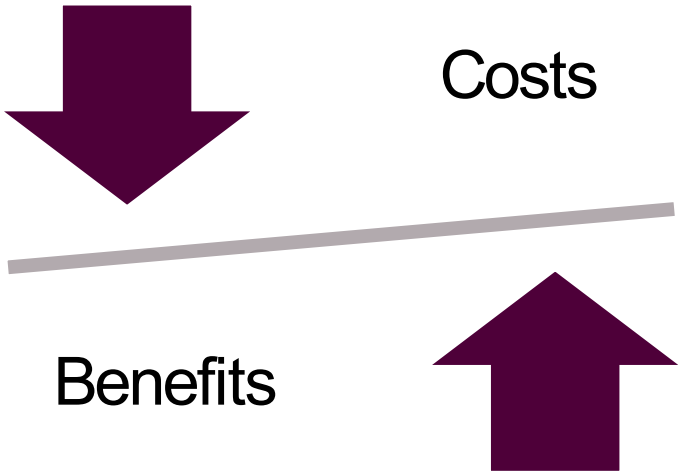
# Review of Cost-Benefit Analyses

healthy families america®

FAMILY CONNECTS
NURSE HOME VISITS



# Benefits of *Family Connects* Exceed the Costs

| Benefits | Costs | Benefits minus Costs | Benefit to Cost Ratio |
|---|---|---|---|
| $6,737,318 | $2,230,900 | $4,506,418 | $3.02 to $1.00 |

For every $1.00 invested in Family Connects, Tallahassee can expect to receive $3.02 in benefits.

**Source**: Family Connects Return on Investment <http://www.familyconnects.org/evidencebase>

**Source**: Dodge, Kenneth Ph.D. et al. *Implementation and Randomized Controlled Trial Evaluation of Universal Postnatal Nurse Home Visiting: Impact on Emergency Care,* November 2013, The American Academy of Pediatrics.

# Enrollment of At-Risk Mothers in *Healthy Families America* Yields Greatest Benefits

| Benefits | Costs | Benefits minus Costs | Benefit to Cost Ratio |
|---|---|---|---|
| $12,395 | $3,920 | $8,475 | $3.16 to $1.00 |

For every $1.00 invested in Healthy Families America, Tallahassee can expect to receive up to $3.16 in benefits.

**Source:** DuMont, Kimberly et al, *A Randomized Trial of Healthy Families New York (HFNY): Does Home Visiting Prevent Child Maltreatment?* October 2010.

# Mothers "At-Risk" for What? Child Maltreatment

- Pregnant women with at least one substantiated child maltreatment report
- Likely not a first-time mom

# Economic Development Benefits of Home Visiting

Economic analysis shows that expanding home visiting programs will improve Tallahassee's economy.

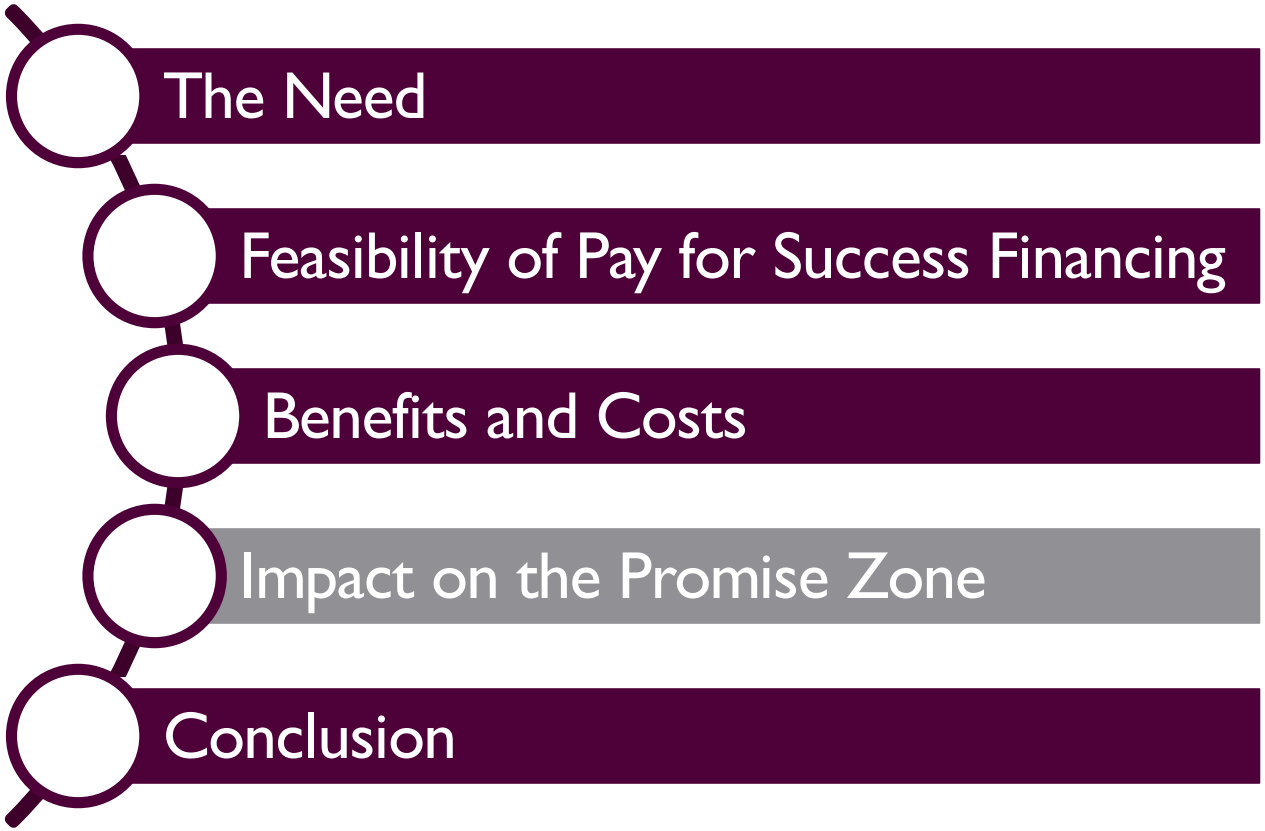
School readiness for child participants over the long-term

Self-sufficient families

Crime prevention as a result of decreasing child maltreatment

**Source:** Kara Billings and Sarah Baizer. *Parenting Works: The Public Safety and Economic Benefits of Home Visiting*. January 2018. <strongnation.org>

# Roadmap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# Projected Impact on Outcomes

| Outcome | Baseline | Projected Impact per Cohort |
|---|---|---|
| **Low Birth Weight** | 12% | 74 fewer LBW babies |
| **Infant E.R. Visits** | 74% | 1,143 fewer visits |

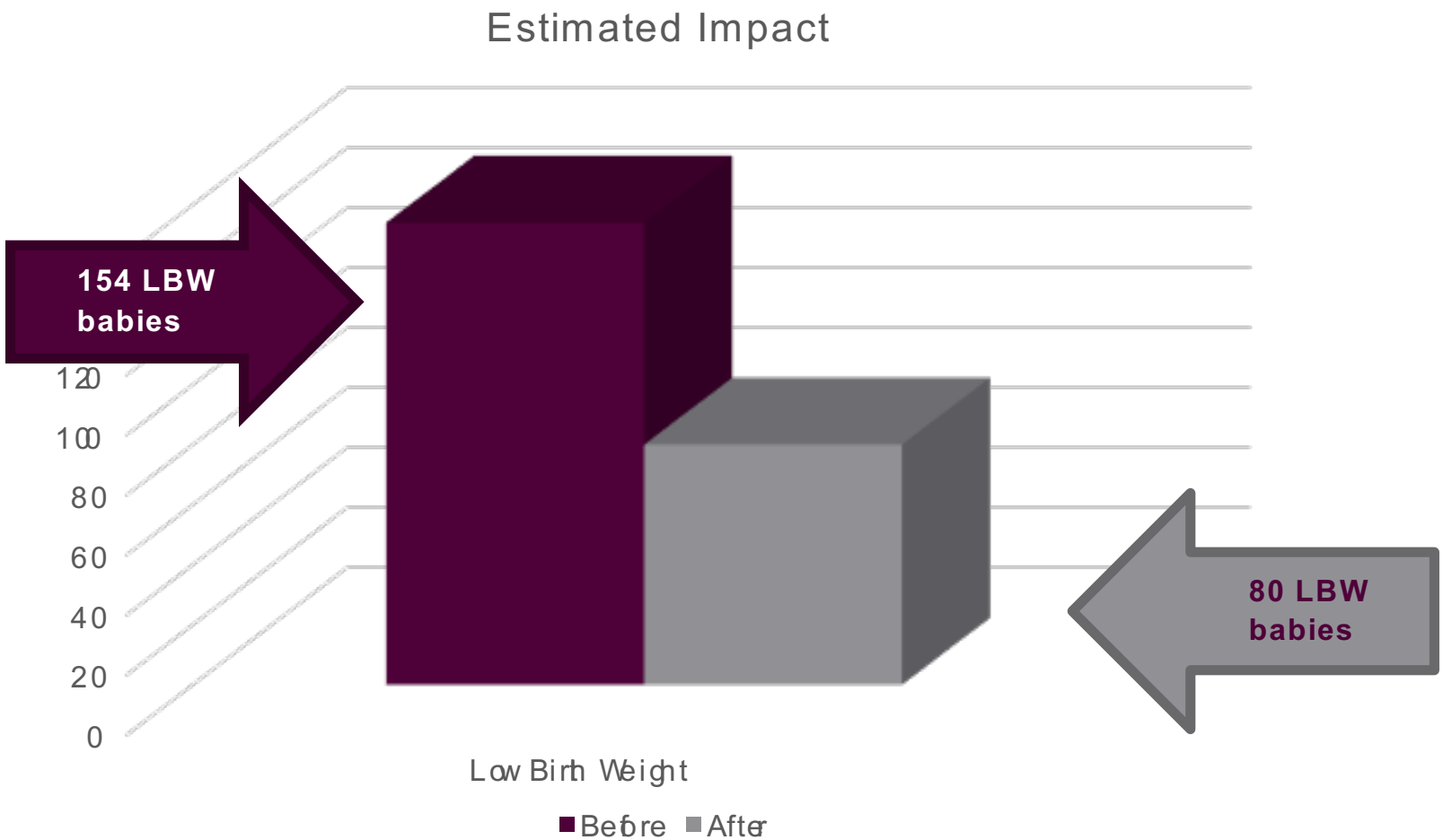
# Calculating Impact on an Outcome: Low Birth Weight Example

| Estimated Intervention Group |
| --- |
| (# Eligible or Likely to enroll)(Baseline) |
| (1,285)(.12) |
| **154 expectant moms** |

| Impact Per Cohort |
| --- |
| (Intervention Group #)(Impact Rate) |
| (154)(.48) |
| **74 fewer low birth weight babies** |

# Impact on Low Birth Weight

Healthy Families America/Healthy Start
12% Baseline in Leon County
48% decrease as estimated impact

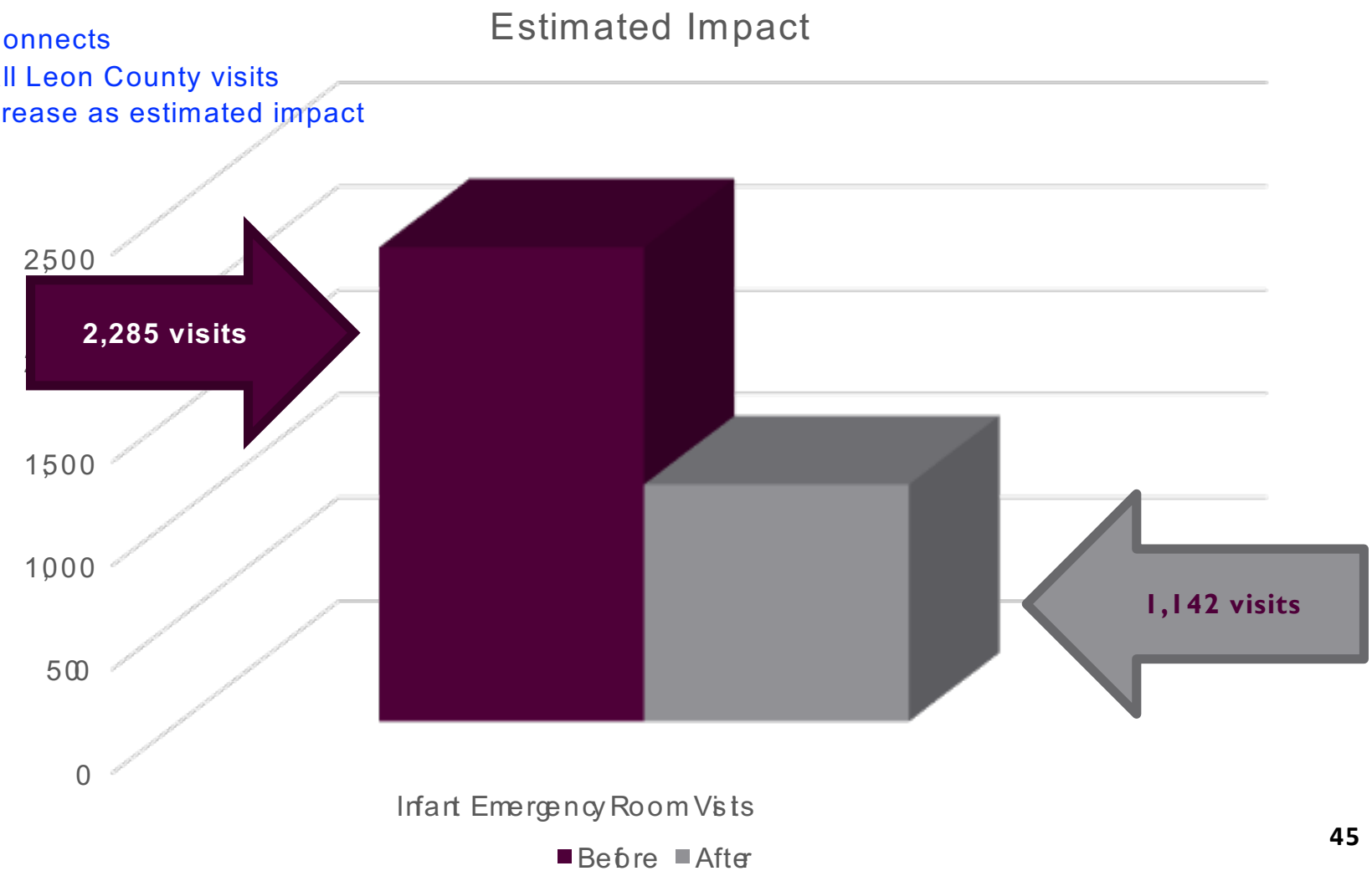


# Limitations and Assumptions: Impact on Low Birth Weight Outcome

| Limitations | Assumptions |
| --- | --- |
| Local take-up rate for HFA is unknown | HFA take-up rate will decrease eligible/likely to enroll target population number |
| Local HFA target population is unknown | Target population for local HFA may include prenatal women |
| Baseline data reflects Leon County, not specific to Promise Zone | LBW baseline is at least the same, possibly higher in the Promise Zone |

# Impact on Infant Emergency Room Visits

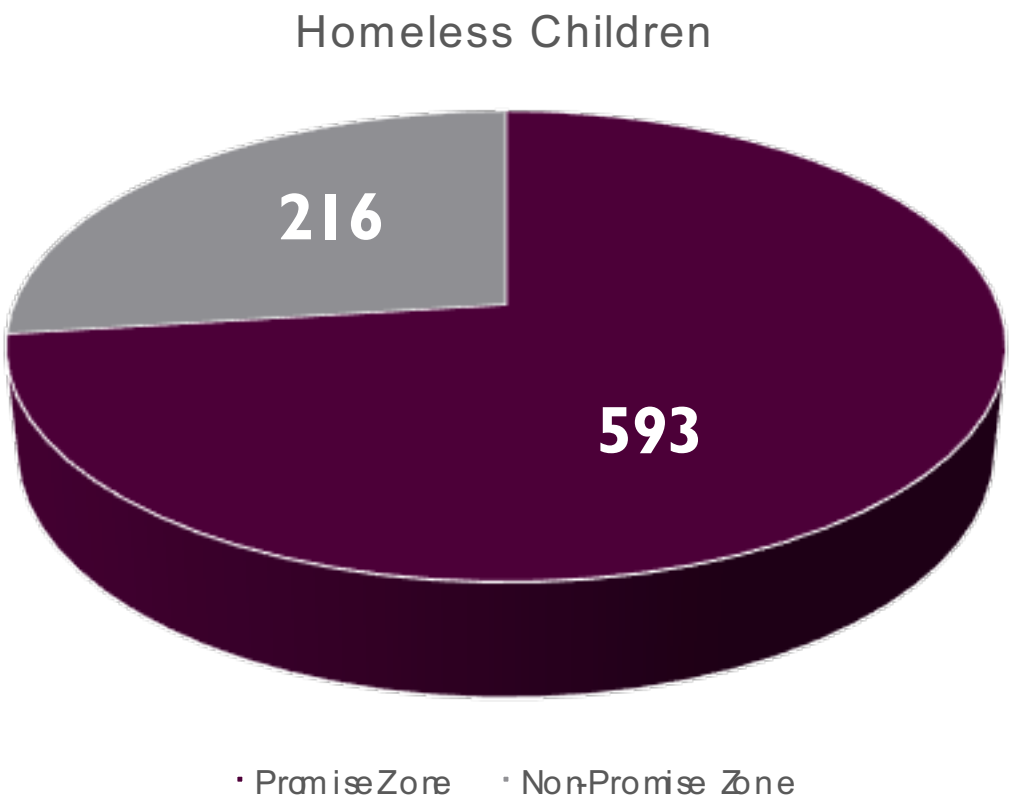
Family Connects
74% of all Leon County visits
50% decrease as estimated impact



# Limitations and Assumptions: Impact on Infant Emergency Room Visits Outcome

| Limitations | Assumptions |
| --- | --- |
| Promise Zone zip codes go beyond Promise Zone | This discrepancy is negligible |

# What About Homelessness?




## We Know that:

- **73%** of homeless children in Leon County Public Schools reside in the Promise Zone
- Home visiting can lead to reductions in homelessness

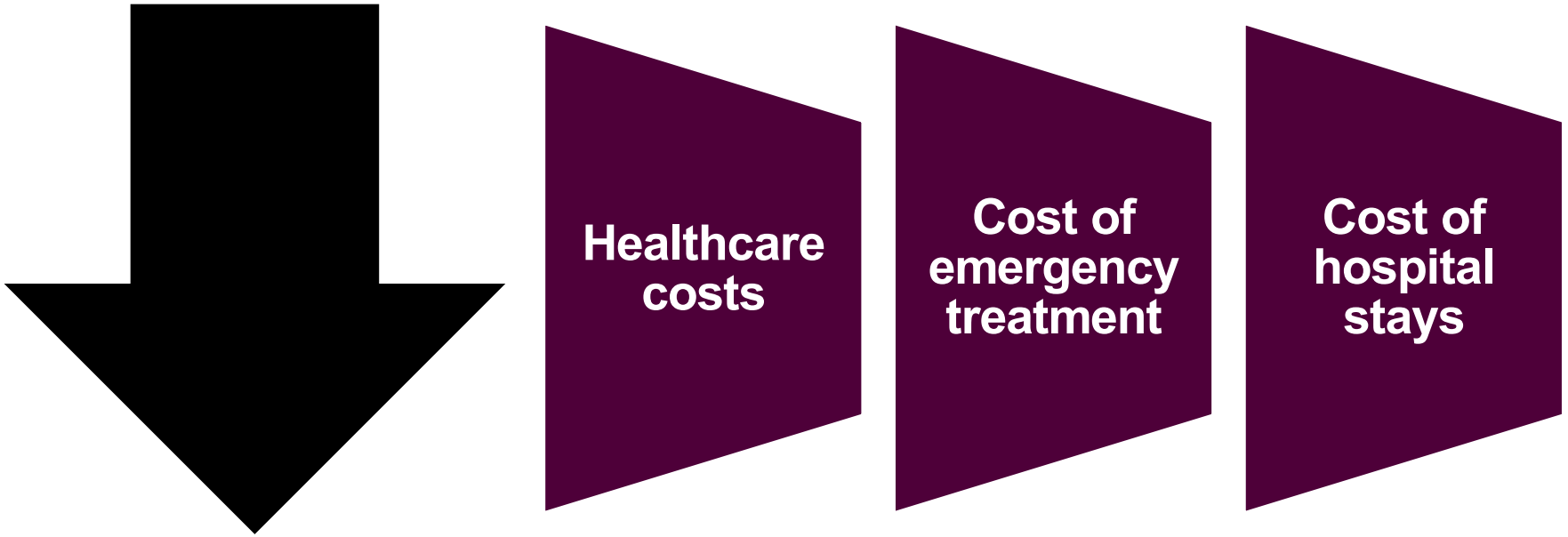
## We're Still Examining:

- How to quantify the *impact* of home visiting on homelessness
- Exactly *how* home visiting services reach homeless pregnant women

**Source:** Whole Child Leon-May 2018 statistics

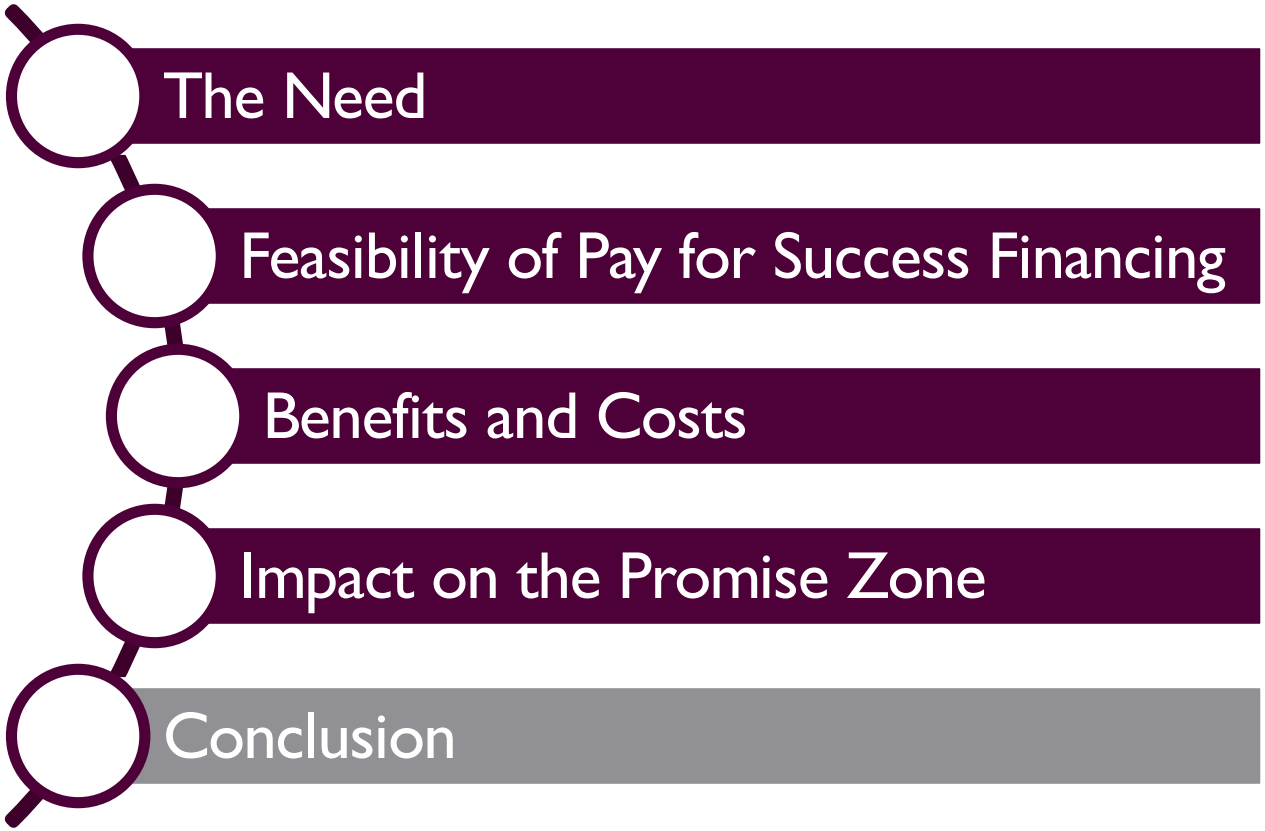
# Economic Benefits of Housing the Homeless

Housing homeless mothers in the Promise Zone would improve Tallahassee's economy.




**Source:** The Business Case for Ending Homelessness: Having a Home Improves Health, Reduces Healthcare Utilization and Costs < https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4046466/>

# Roadmap


The Need
Feasibility of Pay for Success Financing
Benefits and Costs
Impact on the Promise Zone
Conclusion

# Conclusion

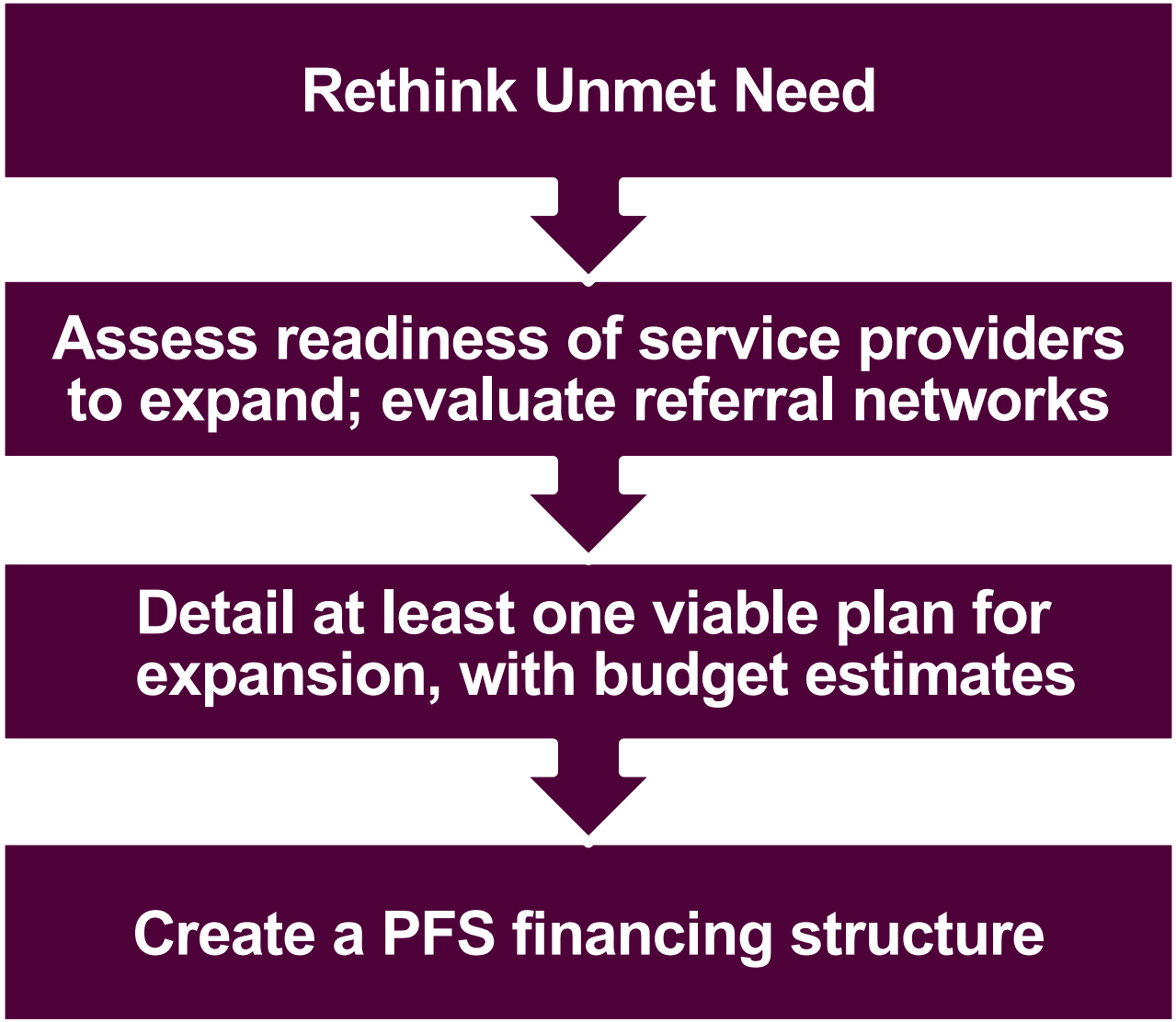
**Pay for Success** is **FEASIBLE** on 5 indicators, and **UNKNOWN** on remaining 4 indicators.

**Tallahassee will have a full conclusion about feasibility after assessing 4 additional indicators.**

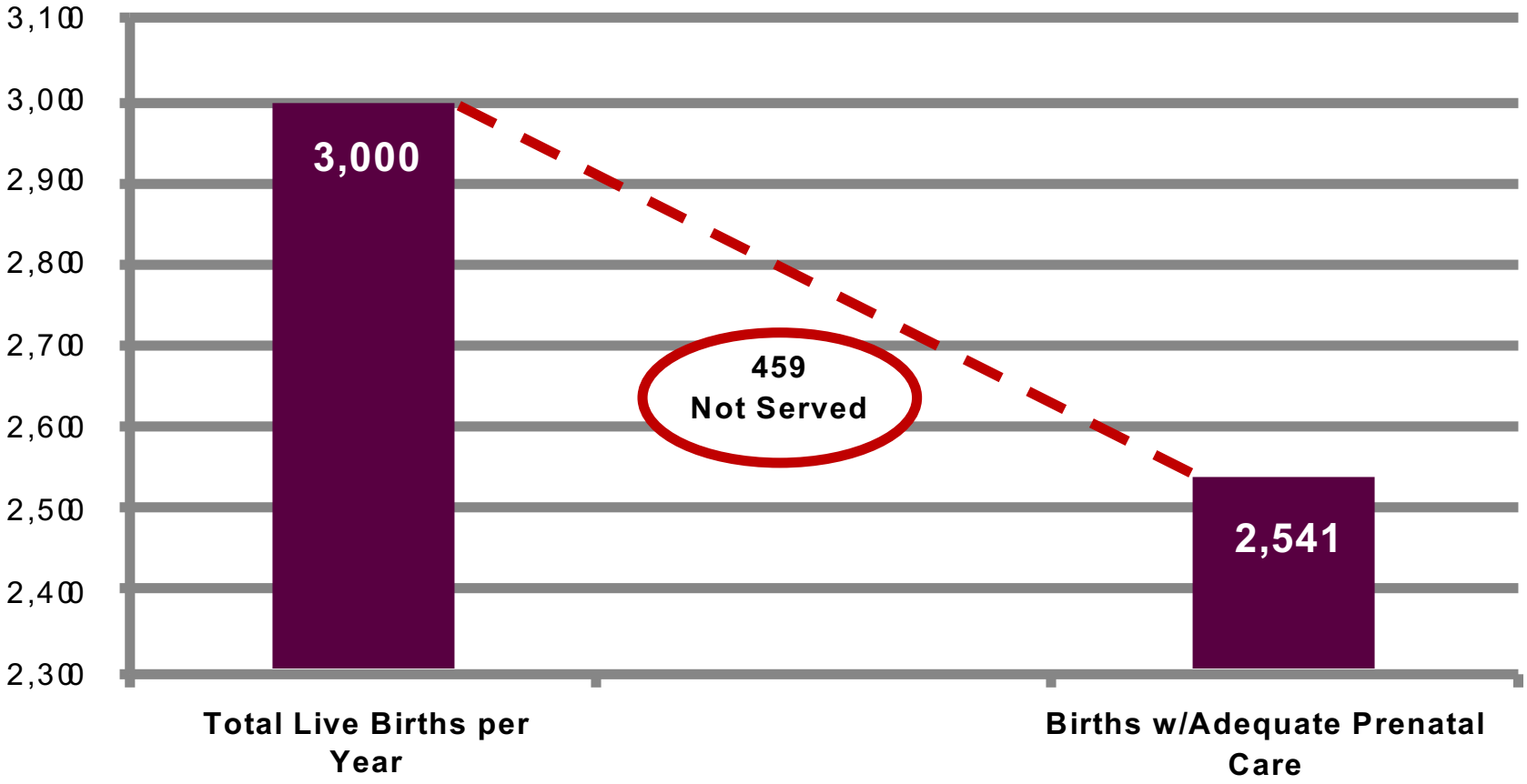
# Indicators of Feasibility

| Indicator | Feasible? |
|---|---|
| Impact Outcomes w/Evidence | Yes |
| Outcome Measurement | Yes |
| Baselines for Target Population | Yes |
| Impact on Outcomes | Yes |
| Costs & Benefits | Yes |
| Service Provider Assessment | In Progress |
| Expansion Plan | In Progress |
| Project Funders/Investors | Unknown |
| Project Outcome Payor(s) | Unknown |

# Completing the Feasibility Study



# Annual Unmet Need for High-Quality Prenatal Care in Leon County

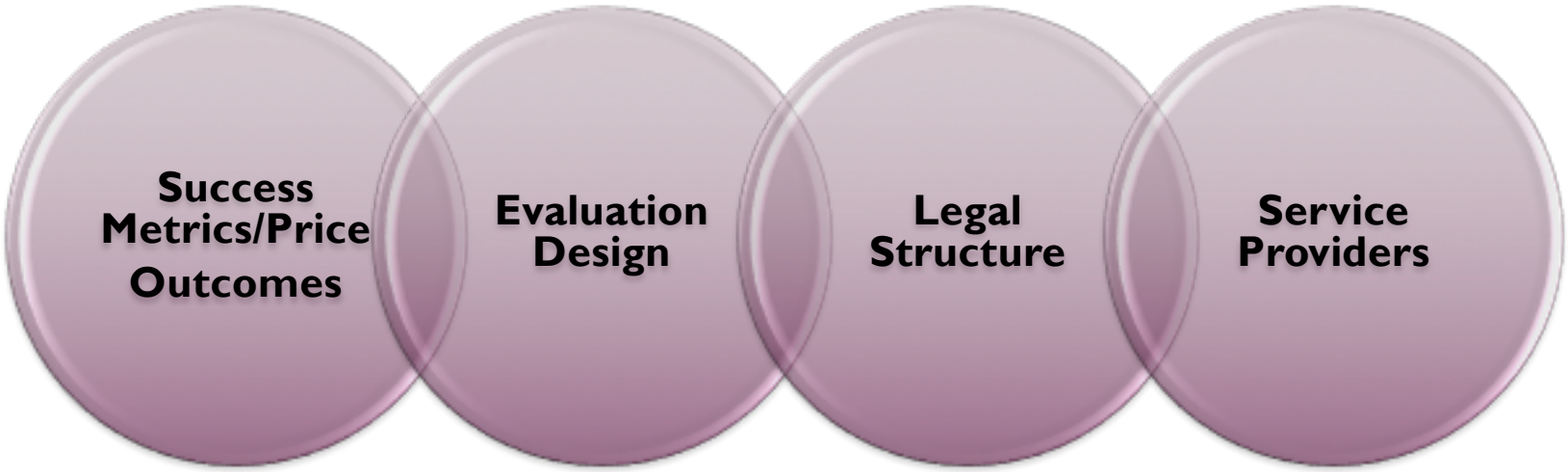



**Source:** March of Dimes Inadequate prenatal care: Florida, 2012-2015 Average (15.3%) <https://www.marchofdimes.org/Peristats/ViewSubtopic.aspx?reg=12&top=5&stop=34&lev=1&slev=4&obj=18>

# A Path Forward for Tallahassee's PFS Initiative

1) Complete feasibility study steps
2) Revisit indicators of feasibility
3) Identify & secure outcome payor(s)
4) Identify & secure funders/investors
5) Enter into transaction-structuring

# If Found Feasible, Then What? Transaction Structuring Overview




**Negotiation!**

# When We Leave Here Today, We Can…

- Engage the medical community
- Continue strategizing w/intersecting initiatives
- Recruit members for the PFS Taskforce

# Intersecting Initiatives in the Promise Zone

EDUCARE

PURPOSE
BUILT
COMMUNITIES
*Changing neighborhoods. Changing lives.*

# Intersecting Initiatives Overview

| INITIATIVE | FOCUS |
| --- | --- |
| **Purpose Built Communities & Columbia Residential** | ➢ Cradle to college<br>➢ Wellness<br>➢ Affordable housing |
| **Model Early Learning Center - Wesson Center** | ▪ Early learning: Educare<br>▪ Wrap-around services |
| **Opportunity Zone Designation** | ❖ Financial capital & investments |

# Whom To Contact

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