

Public Investment Plan (PIP)

Name:	Pay for Success – High Quality Pre-K
Convener:	Laura Moore
Contact:	Laura.moore@nashville.gov
Mayor's Priority Area :	Education: High Quality Pre-K

1. Briefly describe the issue or problem addressed by the investment plan:

The purpose of our PIP is to support the development costs associated with implementing Pay for Success to increase the number of high quality Pre-K seats in Davidson County.

Research shows that the achievement gap happens long before children begin school. By the time children are 18 months, differences that fall along racial and socioeconomic lines surface – and widen throughout a child's educational career. To ensure that all children have an equal opportunity for success, it is crucial to ensure they have access to high quality Pre-K. While Davidson County currently offers Pre-K, there are not enough seats to meet the need. There are 1,821 4-year olds who have sought out Pre-K, but could not be accommodated, according to the Metro Nashville Public Schools' 2015-16 first semester waitlist. Additionally, **quality** of options is paramount to our work. Last fall, Vanderbilt University released a study that highlighted that while students in the state's Voluntary Pre-K program were better prepared for kindergarten than their peers who had not attended the program, by the end of third grade, children who had participated in the program scored lower on more of the measures. To address the issues of need and quality, our team is actively exploring the role of Pay for Success to create additional high quality Pre-K seats for children in Davidson County.

2. How does the plan solve the stated problem?

Pay for Success is a new funding model that drives government resources toward social programs that are effective at providing results to the people who need them the most. It will enable us to provide additional resources to those service providers that are achieving results for our students through their Pre-K seats.

3. Why is this the right time to implement this plan?

To ensure that all children in Davidson County have an equal opportunity for success, Mayor Barry has identified expanding high quality universal Pre-K as a top priority for her administration. There is also growing consensus and momentum around this work in Nashville, and the city is well-positioned to use Pay for Success as a tool to help us achieve this goal. Our team, which includes the education liaison and senior advisor on innovation from the Mayor's Office, as well as the policy and community engagement coordinator in the finance department and a city attorney focused on MNPS, has already begun the work to secure technical assistance that will guide Nashville through the process of implementing this model. The development funds that this PIP would provide would enable us to provide matching funds for technical assistance we receive as well as quickly begin the first phases of this work. Pay for Success is also a complicated model that requires significant planning time. Beginning this work in the first year of Mayor Barry's term gives us the benefit of getting this model up and running before the 2019 election.

4. What current processes address the issue?

In December 2015, Nashville received a federal Pre-K expansion grant to provide an additional 440 Pre-K seats in Davidson County as well as improve the quality of pre-existing Pre-K classrooms. However, there will be unmet needs even after these classrooms are up and running. Pay for Success will help us create additional high quality seats and build upon the work of this grant once the funds are expended. (Funding is only guaranteed through the 2016-17 school year.)

5. What problems and inefficiencies have been identified with the current processes?

Because Pre-K falls outside of our district’s accountability system, there has not been a strong lever for ensuring quality for those students. Before the federal expansion grant, there was not a consistent tool to measure quality. Implementing Pay for Success will ensure a continued emphasis on providing high quality Pre-K after the end the grant.

6. List all proposed participants including:

- **Internal Partners**
- **External Partners (Nonprofits, Non-Government Organizations, Community Organizations)**

Internal partners:

- **Laura Moore**, Education Liaison, Mayor’s Office, Metropolitan Government of Nashville Davidson County
- **Nancy Shapiro**, Senior Advisor on Innovation, Mayor’s Office, Metropolitan Government of Nashville Davidson County
- **Zak Kelley**, Policy and Community Engagement Coordinator, Finance Department, Metropolitan Government of Nashville Davidson County
- **Mark Murray**, Attorney, Legal Department, Metropolitan Government of Nashville Davidson County
- **Debbie Mandelker**, Social Impact Bond Advisor

External partners:

- Our team is in the process of building a team that extends beyond Metro government. These partners will include a national technical assistance provider. Our team has submitted an application to the Institute for Child Success and has engaged the other leading groups in the country – Third Sector Capital Partners, Nonprofit Finance Fund, Harvard’s SIB Lab, and Social Finance – that do this work. Nashville has several competitive advantages which makes us confident we will receive this assistance in Spring 2016.
- Our external partners will also include key community stakeholders, which could include Metro Nashville Public Schools, Casa Azafran, Vanderbilt University, and local philanthropy/foundations. The selection and engagement of these partners will be determined during the feasibility study phase of the technical assistance.

7. Briefly define the individual roles of each participant in each year of the project

Laura Moore: Prioritize and oversee the implementation of Pay for Success

Nancy Shapiro: Provide research and coordination support

Zak Kelley: Review and advise on budget analyses

Mark Murray: Address any legal concerns to ensure the successful implementation of Pay for Success

Debbie Mandelker: Advise team on program development and implementation

Technical assistance partner(s): Conduct feasibility study and contracting support for Pay for Success. Help secure private funding for upfront Pay for Success implementation costs

Service Provider (TBD): Provide new high quality Pre-K seats

Evaluator: Measure the outcomes of the new Pre-K seats

8. Total Length of Project in Years

3 years (2 years of planning and the first year of implementation of Pay for Success)	
9. Provide a brief explanation below of the actions that will be taken to implement the project in each year	
Year 1	<p>Secure technical assistance partner by Spring 2016</p> <p>Begin feasibility study with a technical assistance partner to determine how, and under what conditions, Pay for Success could be implemented in Nashville to expand high quality Pre-K. This work will include:</p> <ul style="list-style-type: none"> • Identifying a target population • Identify and assess potential models for expansion • Assessment of data, legal, and regulatory systems • Assessment of current contracting • Establishment of evaluation methodology • Engagement of the local funder community • Development of “go forward” recommendations <p>Identify and engage community stakeholders to expand our team beyond government stakeholders</p>
Year 2	<p>Complete feasibility study</p> <p>Actively negotiate the Pay for Success contract</p> <p>Procure service providers</p> <p>Arrange funders to provide upfront financing</p>
Year 3	<p>Launch of Pay for Success/Beginning of service delivery</p>
Long Term	<p>Evaluation and repayment to private funders based upon pre-determined success measures for 4-7 years</p>
10. Please explain why this collaborative approach more effectively addresses the identified issue compared to existing individual efforts	
<p>Implementing Pay for Success will allow us to quickly expand the number of high quality Pre-K seats in Nashville. Funding has been allocated for Pre-K without consistent measures of quality or an expectation of success as measured by student outcomes in elementary school. Under this model, expectations for success will be set from the outset and results will be rigorously evaluated. Repayment will only occur when outcomes are achieved.</p>	
11. Briefly summarize the additional resources (funding, staffing, training, etc.) needed by all participants in order to	

successfully implement the plan.

As mentioned above, the team is actively seeking out technical assistance to guide Nashville through this process – including conducting a feasibility study as well as identifying and securing private funding to cover the upfront costs of providing Pre-K. Additionally, the team will attend the Third Annual Conference of the Early Childhood Social Impact Performance Advisors (Early Childhood Pay for Success Conference) to bolster our knowledge of this work and our ability to effectively implement the model in Nashville.

12. If applicable, briefly describe how your proposed project will achieve cost savings, revenue gains and/or service improvements? Please provide detailed financial data in the attached spreadsheet.

Under a Pay for Success system, governments pay when – and if – certain pre-determined outcomes are achieved. This will enable us to expand high quality programming in a rapid way without expense to taxpayers unless the program is successful. Additionally, our team is defining success by indicators in elementary school that are strongly correlated with student disengagement and eventual dropout from high school. Research shows that the average high school dropout costs the state of Tennessee \$3,000 annually in lost tax revenue, Medicaid services, and incarceration services. By supporting the expansion of high quality Pre-K that ultimately reduces the number of students dropping out, Metro will benefit from both short-term savings to the school district and long-term savings to society. .

13. How will success be measured and in what years of the project will it become measurable?

High quality Pre-K will be measured not just by the experience children receive within the Pre-K setting, but also how well it prepares children – specifically low-income, minority, and limited English proficient children – for elementary school, as measured by kindergarten readiness, third grade reading and math assessments, and absenteeism/chronic absenteeism. The purpose of this PIP is to provide development costs for Pay for Success, which includes hiring an evaluator that is an expert at measuring successful Pre-K outcomes. It is anticipated that the evaluator would be hired at the outset of the project and would be measuring the outcomes of the program by the 2017-18 school year.

14. How many citizens will this project impact?

750 children will be directly impacted by this project. There will be countless additional students, teachers, and school leaders who will be impacted by having peers/students who are better prepared for and more engaging in learning.

15. What benefits or improved services will the citizens of Davidson County receive as a result of the plan?

The citizens of Davidson County will benefit from a student population that comes into the K-12 school system better prepared for success. Eventually, we will have more students persisting in and graduating from high school, which will result in significant benefits to the individual students and society.

Public Investment Plan (PIP)

Name of Collaboration: High Quality Pre-K

	Dept. Name	FY2017			FY2018			FY2019			FY17-FY19 GRAND TOTALS		
		Operating PIP	FTE PIP TOTAL	Capital PIP TOTAL	Operating PIP	FTE PIP TOTAL	Capital PIP TOTAL	Operating PIP	FTE PIP TOTAL	Capital PIP TOTAL	Operating PIP	FTE PIP TOTAL	Capital PIP TOTAL
Department/External Partner A:	Mayor's Education	65,000	-	-	150,000	-	-	-	-	-	215,000	-	-
Department/External Partner B:	Mayor's Senior Adv	-	-	-	-	-	-	-	-	-	-	-	-
Department/External Partner C:	Finance	-	-	-	-	-	-	-	-	-	-	-	-
Department/External Partner D:	Institute for Child S	35,000	-	-	-	-	-	-	-	-	35,000	-	-
Totals:		100,000	-	-	150,000	-	-	-	-	-	250,000	-	-

Current Level of Funding (Operating and Capital)

	Dept. Name	Fund	Budget Category	Budgeted Positions/ FTE	Budgeted FTEs	Operating Amount	Capital Budget	Capital Resolution Number
Department/External Partner A:	Education	10101	NA	0	-	-	-	NA
Department/External Partner B:	Innovation	10101	NA	0	-	0	0	NA
Department/External Partner C:	Finance	10101	NA	0	-	-	-	NA
Department/External Partner D:	ICS		NA	0	-	-	-	NA
Totals:				0	-	-	-	

Requested Level of Funding For Fiscal Year 2017 (Operating and Capital)

	Dept. Name	Fund	Budget Category	Requested Positions	Requested FTEs	Operating Funding Request	Capital Funding Request
Department/External Partner A:	Mayor's Education Liaison	10101	Grant Research	0	-	65,000	-
Department/External Partner B:	Mayor's Senior Advisor for	10101	NA	0	-	-	-
Department/External Partner C:	Finance	10101	NA	0	-	-	-
Department/External Partner D:	Institute for Child Success		Grant Matching Funds	0	-	35,000	-
Totals:				0	-	100,000	-

Requested Level of Funding For Fiscal Year 2018 (Operating and Capital)

	Dept. Name	Fund	Budget Category	Requested Positions	Requested FTEs	Operating Funding Request	Capital Funding Request
Department/External Partner A:	Mayor's Education Liaison	10101	PFS Program Set-Up	0	-	150,000	-
Department/External Partner B:	Mayor's Senior Advisor for	10101	NA	0	-	-	-
Department/External Partner C:	Finance	10101	NA	0	-	-	-
Department/External Partner D:	Institute for Child Success		NA	0	-	-	-
Totals:				0	-	150,000	-

Requested Level of Funding For Fiscal Year 2019 (Operating and Capital)

	Dept. Name	Fund	Budget Category	Requested Positions	Requested FTEs	Operating Funding Request	Capital Funding Request
Department/External Partner A:	Mayor's Education Liaison	10101	NA	0	-	-	-
Department/External Partner B:	Mayor's Senior Advisor for	10101	NA	0	-	-	-
Department/External Partner C:	Finance	10101	NA	0	-	-	-
Department/External Partner D:	Institute for Child Success		NA	0	-	-	-
Totals:				0	-	-	-

Potential Revenue Generated from Collaboration

	Dept. Name	Fund	Revenue Category(OA)	Revenue Source	Revenue Amount	Fiscal Year Collected
Department/External Partner A:	Mayor's Education Liaison	10101	NA	NA	-	NA
Department/External Partner B:	Mayor's Senior Advisor for	10101	NA	NA	-	NA
Department/External Partner C:	Finance	10101	NA	NA	-	NA
Department/External Partner D:	Institute for Child Success		NA	NA	-	NA
Totals:					-	