

# Case Study: Utah High Quality Preschool



<b>Location</b> United States, Utah	<b>Savings area</b> Early childhood education	<b>Bond term</b> Up to 12 years
<b>Commencement date</b> 1 August 2013	<b>Bond Amount</b> Up to US\$7m, staged drawdown	

## INTERVENTION PROGRAM

### Program description

High impact and targeted curriculum to increase school readiness and academic performance.

### Treatment duration

1 year (assumed)

### Target population

Disadvantaged children between the ages of 3 and 4 years old, many of whom have English as a second language.

### Intervention cohort

Target Population members in Granite and Park City school districts.

3,500 children across 5 annual cohorts (initial cohort 600 children).

Approx one-third expected to test as below average on standardised test (Peabody Picture Vocabulary Test): these form the 'Payment Group'.

## OUTCOME MEASUREMENT

### Metric

Number of children who do not use special education and remedial services.

Measured for each child in the Payment Group in each of the school years K-6.

### Counterfactual

Fixed.

Assumed that entire Payment Group (those with below average initial test scores) would otherwise have required remedial support.

Also implicitly assumed that no children in the balance of the intervention group would need extra support.

### Outcome calculation and target

Every year that a child within the Payment Group does not use special education or remedial services will generate a Pay-for-Success payment.

Breakeven estimated as a 35% reduction in usage by Payment Group.

Annual cost of services is \$2,600: 95% of avoided costs paid until base return of 5% reached, thereafter 40% of avoided costs paid.

## CONTRACTING PARTIES

### Government agency

State of Utah, Utah Salt Lake County

### Service provider

United Way of Salt Lake

### Intermediary

None

### Evaluator

Unknown

## INVESTOR DETAILS

### Investors

Goldman Sachs and JB Pritzker

### Returns

Target base interest rate of 5% - assumed not annualised (not stated).

Implied maximum return is approx US\$5.5m.

### Capital protection

Nil. J.B. Pritzker loan is subordinated.

## COMMENTS

Initial investment of US\$1m as proof of concept, with intent to roll out 5 year program. This initiative is the first phase in a larger \$20 million commitment by J.B. Pritzker, Goldman Sachs and other private investors for the Early Childhood Innovation Accelerator, a fund which aims to increase the availability of high-quality early childhood education while building a strong evidence-base of success.



**Government of South Australia**

Department of the Premier and Cabinet

