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Project and Performance Management

Pay for Success Early Childhood Education Toolkit Report #5

What Is Pay for Success?

Pay for success (PFS) offers an alternative approach to investing in the future, including early childhood education. This innovative financing mechanism shifts financial risk from a traditional funder—usually government—to a new investor, who provides up-front capital to scale an evidence-based social program to improve outcomes for a vulnerable population. If an independent evaluation shows that the program achieved agreed-upon outcomes, then the investment is repaid by the traditional funder. If not, the investor takes the loss.

For more information on pay for success, please visit **pfs.urban.org**.

About the Early Childhood Education Toolkit

This toolkit is designed to guide jurisdictions and their partners through the core elements of a PFS project in early childhood education: the existing evidence for early childhood interventions, the role of data, the measurement and pricing of outcomes, program funding and financing, implementation, and evaluation design. The toolkit includes checklists, charts, and questions for consideration, to help direct and clarify thinking around the feasibility of pay for success to scale what works in early childhood education. Together, these briefs can help jurisdictions decide if pay for success is the right approach for them—and if so, how to get started.

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Project and Performance Management

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Procuring a service provider and implementing an intervention in a pay for success (PFS) project require a greater focus on outcomes, performance management, leadership, and organizational strength than in a business-as-usual project.

This report describes key elements of program implementation in early childhood education (ECE) PFS projects. It is part of a larger toolkit for states, localities, and investors considering early childhood PFS projects. Its content is based in part on stakeholders' experiences with ongoing PFS projects.[1]

In the first part of this report, we outline the process for selecting a service provider in PFS, including the criteria that can identify service providers that would be a good fit for a PFS project. The second part of the paper discusses best practices for PFS project governance. In the final section, we discuss the iterative process in PFS projects for monitoring implementation and making course corrections, as well as the distinction between performance management in PFS projects and in the status quo, and the efficacy of pilot or ramp-up periods.

Choosing a Service Provider

In PFS, the **service provider** implements an intervention by delivering an evidence-based social program to improve outcomes for the target population.

ECE service providers include several types of organizations. Children receive ECE services in settings ranging from organized preschool or prekindergarten to home-based child care settings. This report will focus on ECE interventions delivered in a center-based setting. Such programs are provided by public, private, and nonprofit entities through various funding streams (Grindal 2012). ECE PFS projects in Utah and Chicago have either used a combination of nonprofit, private, and public service providers (e.g., Granite School District and YMCA of

[1] In 30- to 60-minute interviews, we asked 12 stakeholders (including Urban experts, intermediaries, service providers, government officials, and private funders) about program implementation in PFS. They described their experiences with procurement, program implementation, and performance management.

Northern Utah), or relied solely on a public service provider (e.g., Chicago Public Schools).

The service provider might be part of early conversations about a PFS project; in other cases, the government and other partners identify a program model or intervention and then find a service provider that can implement it with **fidelity**. (In this context, fidelity refers to how faithfully an intervention is delivered as intended.) The decision may depend on whether the PFS project is expanding an intervention that is already working in the community—such as adding seats in a local high-quality ECE program—or "importing" an approach that requires local providers be trained to adopt a new, evidence-based model.

Engaging Multiple ECE Service Providers in PFS

Because most ECE providers serve small numbers of children—nationally, only 32 percent serve more than 75 children (OPRE 2014)—it may be impossible to implement interventions without engaging several providers, particularly if the intervention is intended for small-group settings.

Large geographic areas with broad or fragmented target populations might require engaging multiple service providers. If an ECE program is expanded to an entire city, it might make more sense to work with service providers in each of the city's neighborhoods. Several service providers could be used when government is interested in expanding a more holistic or comprehensive set of services. In early childhood, this could involve additional providers to deliver supportive services to parents and families. In the PFS Chicago project, the ECE program and the supportive services for the families participating are delivered by two service providers.

Governments can select multiple service providers up front or select a single central provider to contract with additional providers. In the latter case, the original provider acts less as a traditional service provider and more as a coordinator between providers, offering training, technical assistance, and supervision as the other providers implement the program. The United Way of Salt Lake plays this role in the Utah ECE project.

Although having more than one service provider is often critical to reaching the entire target population and may even enhance the services provided, multiprovider models require more work to develop uniform processes for eligibility assessment, recruitment, and referrals. Multiple providers might also create challenges for program fidelity or introduce variables that complicate program evaluation, such as additional work to centralize systems for data management (Archer-Rosenthal 2016).

BOX 1

SERVICE DELIVERY IN CHICAGO AND UTAH

The Chicago Child-Parent Center program expands the Child-Parent Center's (CPC) preschool model, which includes center-based preschool, ongoing supportive services for children, and intensive family support. The model is delivered by Chicago Public Schools, and the family support services are delivered by Metropolitan Family Services. Evidence for the CPC model comes from the Chicago Longitudinal Study, a prospective cohort study investigating the educational and social development of 1,539 low-income minority children who grew up in high-poverty neighborhoods in central Chicago and attended CPC preschools in 1985–86.[a] Using surveys, administrative records, and a comparison group, a recent study found positive outcomes for educational attainment for intervention group members compared with control group members (Reynolds et al. 2011). In addition, benefit-cost analyses suggest CPC is cost-beneficial and associated with higher rates of high school completion; lower rates of juvenile arrest; lower rates of arrest for a violent offense; and reductions in special education placement, the rate of grade retention, and child maltreatment (Reynolds et al. 2002).

The Utah High Quality Preschool Program delivers half-day classes two days a week for 3-year-olds and four days a week for 4-year-olds to increase children's school readiness and later academic performance. The model relies on qualified staff who receive professional development support and who address all areas of children's development using a high-impact, research-based curriculum. The United Way of Salt Lake coordinates the model's delivery across several service providers, including the Granite School District, Park City School District, Guadalupe School, the YMCA of Northern Utah, Children's Express, and Lit'l Scholars.

Evidence for the High Quality Preschool Program comes from a 2011 longitudinal study that examined outcomes for three cohorts of children who received this program's services in the 11 Granite School District preschools most affected by poverty. Students at the highest risk for school failure who enrolled in the program were subsequently unlikely to be assigned to special education services in elementary school. The study also suggests that the preschool program can help address the academic achievement gap between schools most and least affected by poverty (Voices for Utah Children, n.d.).

[a] "Chicago Longitudinal Study," University of Minnesota, last updated July 5, 2016, http://www.cehd.umn.edu/icd/research/cls/.

What Makes a Strong ECE PFS Service Provider?

Some governments begin PFS with a service provider in mind for implementing the intervention. For others, the conversation about a service provider begins with identifying the outcomes the PFS project seeks to achieve and the evidence base underlying programs that could achieve them (see toolkit report #3, *Outcomes Measurement and Pricing*).

A service provider that is a strong candidate for a PFS project has experience implementing an evidence-based social program, the institutional capacity to deliver the program with fidelity, and the ability to be responsive to iterative monitoring and evaluation process. “PFS-ready” service providers exhibit the following characteristics (Roman 2015); for each characteristic, we have provided an example of what this may look like in an ECE setting:

Subject-matter expertise in the topic area and with the target population.
The service provider should have a history of providing early care and education services to children of the targeted age and characteristics. Teaching children of different age groups and from differing circumstances requires specialized expertise.

A sound theory of change guiding their practice.
PFS projects ask service providers to produce particular outcomes, and providers need to understand how particular activities relate to outcomes. If the service provider’s theory of change differs substantially from the one chosen for the intervention, or they are not used to operating with a theory of change, it could be more difficult for the provider to deliver the PFS intervention.

Experience implementing the program in a similar context, including a track record of delivering and documenting positive outcomes.
In any region, there may not be a sufficient number of service providers with experience implementing the chosen intervention to serve the target number of children. Service providers with experience delivering and documenting positive outcomes for other programs that target a similar population of children may be available and can be acceptable alternatives.

Sufficient capacity or a clear plan to increase capacity to meet the demands of implementation and expand the intervention (e.g., succession planning, expanded training).
This is important for the coordinating organization. The service provider also needs this capacity if the contract includes increasing the numbers of children it is serving directly. Partners should also be aware of any new legislation or policies that could change the composition of the target population or otherwise undermine service delivery.

A strong evidence base, drawn from rigorous program evaluations, for the intervention and provider.
The intervention must have a strong evidence base. The service provider may or may not have delivered the intervention previously. The service provider should demonstrate the characteristics that previous implementation evaluations have indicated are important, or the coordinating provider should provide sufficient supports for the service providers to gain those skills and infrastructure.

Experience with transparent reporting of results to independent validators.
The service provider should have experience in this area.

Operational policies for procurement and subcontracting that meet government standards.
The applicability of subcontracting rules and regulations will vary depending on whether the service provider is in a coordinating role or is one of several providers delivering a program.

Systems for data collection and performance measurement and management, and data on program costs.
Large ECE service providers that have participated in rigorous evaluations or other significant data collection efforts are more likely to have data collection systems and engage in performance measurement and management. Experience using these systems would be helpful, but outside investment may be needed and coordination across multiple sites will be critical for accurate tracking of information.

Meeting all of these requirements can be a tall order. When promising service providers lack some of these characteristics, philanthropic funding can help them develop capabilities for PFS and reduce investor risk (TeKolste, Eldridge, and Hawkins 2016). Providers may seek assistance from philanthropy for strategic investments in organizational infrastructure and human capital.[2] Because PFS aims to expand what works, the service provider's ability to adapt interventions to serve more children is a critical consideration, as is the ability to innovate within a program's boundaries.

[2] "Voices from PFS Pioneers: CEO–Part 1," Learn Out Loud (blog), Nonprofit Finance Fund, July 20, 2015, http://www.payforsuccess.org/blog/PFS-pioneers-CEO-part1.

BOX 2

CONSIDERATIONS FOR EXPANDING A PROGRAM

Expanding a program to serve more children will likely require a coordinating organization. Service providers could adapt the services they already provide to align with the program model selected for the PFS project, and thereby serve more children through the model without serving more children in their programs. If the PFS project seeks to serve more children through a single provider, a ramp-up period would be required to secure the additional space, staffing, and other infrastructure. Many states regulate ECE services for children, and any new space or new construction on old space typically requires the involvement of state licensing, local zoning, the local fire marshal, building inspectors, and the like. Serving more children is likely to involve many more steps than serving more adults in an adult training program.

Understanding Provider Quality Ratings

One way to determine an ECE provider's quality is to consider its rating in accreditation systems (see table A.1). Close attention must be paid to what each rating system measures. Some evaluate providers based on how well they conform to a teaching philosophy (e.g., the Montessori model) that may not be relevant to the PFS project. Other systems, including the National Association for the Education of Young Children, are based on evidence-based or evidence-informed practices that provide a quality environment for children but allow for use of varied curricula.

Most states have developed quality rating and improvement systems (QRISs) for their ECE providers. QRISs typically include program standards, supports for programs and practitioners, financial incentives, quality assurance and monitoring, and consumer education.[3] However, the quality of these rating systems varies widely across states; a program rated as high quality in one state is not necessarily equal to a similarly rated program in another state. The underlying criteria for making those judgments need to be carefully considered. Accreditation systems are useful in states lacking QRISs or with weaker QRIS standards. In most states, participation in a QRIS system is voluntary, and high-quality providers might not participate. In some states, regulatory rules prohibit one state agency from monitoring another, so a public school provider might not be listed if the QRIS is run by the state's Department of Health and Human Services (Barnett et al. 2016).[4]

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[3] "About QRIS," US Department of Health and Human Services, Administration for Children and Families, National Center on Early Childhood Quality Assurance, accessed October 3, 2016, https://qrisguide.acf.hhs.gov/index.cfm?do=qrisabout.

[4] "About," QRIS Compendium, accessed October 4, 2016, http://qriscompendium.org/about/; "Quality Rating and Improvement Systems Framework," QRIS National Learning Network, accessed October 4, 2016, http://qrisnetwork.org/our-framework.

Procuring ECE Service Providers

A government working with an intermediary as part of the PFS project's governance may opt to use that intermediary to select a service provider. Intermediaries coordinate project needs and often manage partner relationships. Governments can procure a service provider and an intermediary simultaneously, or procure the intermediary first and the provider second.

Procurement processes for service providers in a PFS project vary depending on the project and on state-specific procurement rules. The government can use the following four tools separately or in conjunction with one another:

- **Requests for approval (RFA)**, to which the state requests that vendors provide information to determine the vendor's qualifications for eligibility. The state is not obligated to any vendor and does not have expectations of the responding vendors.
- **Requests for information (RFI)** to explore options for PFS in their community. This step is optional, and many governments do not start with an RFI. RFIs are often succeeded by RFPs.
- **Requests for proposals (RFP)**, feasibility studies, or transaction structuring; or to recruit an intermediary or lead service provider focused on specific issue areas.
- **Requests for response (RFR)**, to which intermediaries or service providers can respond with program and structuring ideas.

Regardless of which tool is used, the request needs to be shared with high-quality ECE service providers, who can be identified through the following methods:

- Local and national professional and accrediting bodies for ECE programs
- Lists of programs operating Head Start services, typically available through a state collaboration officer
- Lists of state prekindergarten operators, typically available through a state Department of Education
- Lists of center-based providers via local child care resources and referral agencies or the state child care licensing agency

Several past and ongoing competitive procurement processes focused on using PFS for ECE interventions (table A.2). However, the ECE PFS projects in Utah and Chicago have not used competitive procurement processes. In Utah, the intermediary selected expansion sites for the program where it had existing relationships (the program previously operated in 11 schools most affected by poverty in Granite School District). In Chicago, Chicago Public Schools selected expansion sites based on demographics and need.

Some emerging models adapt the procurement process to the higher evidence standard demanded by PFS. In the Massachusetts Chronic Homelessness Pay for Success Initiative, the intermediary selected the service provider from a list of qualified providers preapproved by the state (Archer-Rosenthal 2016). Though not an ECE project, Massachusetts provides a model for how future ECE projects might select preschool programs, particularly if the state has a rigorous quality assessment process.

PFS Contracts

PFS contracts are often complicated. For government and service providers, PFS contracts differ from the status quo because the government is contracting for outcomes, not for outputs or services.

Service providers in a PFS project typically receive funding to cover service delivery costs for the life of the project. Full-cost funding can strengthen providers' financial positioning and allow them to focus on providing high-impact programming. PFS contracts also change the relationship between service providers, funders, and government, allowing for heightened collaboration on performance management activities.[5]

To ensure full-cost funding, project partners need to determine the costs of implementing an ECE program. This can be challenging, as almost all ECE programs are underwritten in ways that hide some of the costs. Costs can vary based on contextual factors, such as enrollment level or capacity, hours of operation, staffing structure, and ages of children served. Additionally, a direct relationship tends to exist between cost and quality: higher-quality centers tend to have higher costs. Project partners should be cognizant of the relationship between implementation, costs, and program quality (Hatry, forthcoming).

Project Governance

Although procurement for PFS is similar to procurement in the status quo, project governance departs from the typical relationships between governments and service providers. PFS projects are complex and require clearly defined governance structures, operational oversight to monitor project progress, executive oversight and project management, and strategies for

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[5] "Voices from PFS Pioneers: CEO–Part 2," *Learn Out Loud* (blog), Nonprofit Finance Fund, July 22, 2015, http://www.payforsuccess.org/blog/PFS-pioneers-CEO-part2.

BOX 3

THE POSITIVES OF A PAY FOR SUCCESS CONTRACT FOR SERVICE PROVIDERS

The New York State PFS project provides an example of how PFS contracts can positively alter how government works with service providers. Before participating in PFS, the Center for Employment Opportunities—a nonprofit workforce development services provider—entered into two-year contracts with the New York State Department of Corrections and Community Supervision, which covered only a portion of the service delivery costs through a standard reimbursement agreement. In this model, performance management was "limited to occasional discussions about project goals and current performance." With the full-cost funding provided in PFS, the center has new capacity for high-impact programming and a changed relationship with the government. One example of this new relationship is New York State's role in performance management: the Department of Corrections, parole officers, and officials as high up as the New York deputy commissioner of community supervision are now engaged in ensuring the program works. This kind of collaboration can have spillover effects into relationships between government and social service providers beyond the scope of a single PFS project.[a]

[a] "Voices from PFS Pioneers: CEO–Part 2," *Learn Out Loud* (blog), Nonprofit Finance Fund, July 22, 2015, http://www.payforsuccess.org/blog/PFS-pioneers-CEO-part2.

mitigating implementation risk.[6] Project governance in PFS—not just contracting—helps change the relationship between governments and service providers. A 2016 report from the Nonprofit Finance Fund lays out best practices for developing a governance structure that ensures all project voices are included—the service provider, funder, evaluator, and government—and that the PFS project meets agreed-upon goals (Archer-Rosenthal 2016).

[6] **Implementation risk** is the risk that a program will not be implemented with fidelity, compromising outcomes for program participants. Implementation risk is higher in PFS projects than in the status quo because service providers often have to recruit and enroll new target populations or expand programs to operate at a much greater capacity.

As multistakeholder agreements, PFS projects must have clearly defined structures for project oversight and governance. These structures are typically laid out in the main PFS contract, which is held by the project manager[7] (or, in many cases, a special-purpose vehicle wholly owned and managed by the project manager). Project oversight breaks out into two basic categories: operational and executive.

The operational oversight role focuses on regular monitoring of project progress. This can include review and troubleshooting of operational components of the project, and identifying and implementing any necessary course corrections identified in the process. Generally, operational oversight is handled by a committee that includes stakeholders involved in, or most closely tied to, project implementation, including service providers, and staff representatives of the government agencies or departments most closely aligned with the project's target population or the source of repayment. Project managers often play a lead role in organizing and convening these committees and their regular meeting schedule. Data management systems to track and easily generate reports on program outputs and indicators are an important asset to these committees. Indicators or data points tracked at this level of oversight could include things like number of referrals made, number of participants enrolled, or days of services provided. These data points are more similar to the outputs tracked in a traditional government contract, and not necessarily indicative of project success or impact. Still, monitoring these outputs is important as these projects often have a good deal of implementation risk due to changed or deepened partnerships with government around referral and enrollment, and the ability to demonstrate positive impact is tied to service providers being able to hit targets for enrollment and levels of service provided.

Executive oversight is typically handled by an executive or steering committee that monitors project progress through reports made by the project manager and/or operational committee. The executive or steering committee has decisionmaking authority over the PFS project, including for any changes in who fills the project manager and/or service provider roles. This committee is also the level at which any termination events or rights are exercised. Though the composition of the operating and executive committees looks similar in terms of the mix of stakeholders represented,

[7] Nonprofit Finance Fund's use of "project manager" is synonymous with "intermediary," which is used elsewhere in this paper and toolkit.

there may be differences in who participates; the executive committee is more likely to have higher-level leadership, and the involvement of political appointees.

Investors do not have decisionmaking power in PFS governance structures. They are, in some cases, allowed access to meetings of the operations or executive committees as nonvoting members and typically have project termination rights that are defined in the PFS contract.[8] Investors may receive reports on project progress as frequently as monthly. Reporting to investors is typically handled by the project manager.

There are significant implementation risks in these projects. These risks are elaborated during the PFS contract development phase and can be incorporated as termination events in the contract. In most PFS contracts, there is at least one project-specific termination event, in addition to and distinct from the standard terms and language that are part of most contracts—PFS or otherwise. Some of these implementation risks are related to performance and capacity of project stakeholders, so there may be clauses for replacement of service providers or project managers, as well as clauses for contract termination and project wind-down if stakeholders are terminated but not replaced. There may also be termination events related to program design elements that are critical to project success but beyond the control of a project's service providers or project manager. This is most apparent in the Cuyahoga, Santa Clara County, and Denver Housing to Health projects, which both rely on access to or commitments of publically funded housing resources and, in the Santa Clara and Denver cases, Medicaid reimbursement for services provided. These resources are funded outside of the PFS transaction, but are integral to project design and intended impact. In cases like these, termination events can be exercised in the event that a public partner fails to commit adequate resources to ensuring project success.

Performance Management

As a PFS project is implemented, data will be collected for performance management and program evaluation. **Performance management** ensures an intervention operates as intended

[8] The investor has a voting role in some PFS projects.

throughout a PFS project, including whether the program model is being implemented with fidelity. It may also include making iterative improvements to service delivery to better serve children and families participating in the program and meet the project's target outcomes.

Performance management is distinct from the PFS project's **evaluation**, which seeks to establish a causal relationship between a program and measured outcomes. The data collected for performance management can be considered process data, distinct from data on the program's overall impact on evaluation participants (see toolkit report #6, *Evaluation Design*).

How Does Performance Management Look Different in PFS?

Because they often expand existing programs, PFS projects aim to build off a foundation for service delivery that already works. However, PFS projects involve more rigor in their day-to-day oversight than traditional grant- or publicly funded programs. Where a quarterly or semiannual report on a few output metrics might be expected in the status quo, PFS projects engage all partners in an ongoing discussion on progress. This iterative feedback loop includes data on "nuts and bolts" implementation concerns, such as attendance, attrition, and the service provider's fidelity to the program model. Service providers' observations and interim indicators on impact are also included.

This performance management process provides regular opportunities for reflection and course correction. It can also help service providers exert more control over the programs they deliver by expanding their fidelity monitoring, recruiting, hiring, and other activities. However, it needs to be balanced by how frequently progress can reasonably be measured given the burden to the organizations doing the measuring, the intrusiveness of the measurement for the children, and the length of time required to indicate measurable change.

Even when a service provider has experience collecting data, monitoring performance, and making adjustments, PFS often stretches providers to accelerate learning and review cycles. Service providers may also see a shift from business as usual if the ECE PFS project targets new or more specific populations of children. Using a comparison or control group for the outcomes evaluation can also make the recruitment and enrollment process more involved (see toolkit report #6, *Evaluation Design*).

As part of their approach to performance management, partners should consider preventive measures that can address the risk that the PFS project will fall short of its intended outcomes. Addressing these performance risks can increase funder confidence. The various types of performance risk and how they can be mitigated are outline in detail in “Managing Investors’ Risk in Pay for Success Projects” (TeKolste, Eldridge, and Hawkins 2016).

Collecting Data for Performance Management

Monitoring key performance metrics is central to the iterative feedback model used in PFS. Service providers might already have systems to monitor program quality and fidelity to the model. Providers should continue and expand these performance management activities throughout the PFS project.

Any jurisdiction embarking on a PFS project should take stock of its data systems (see toolkit report #2, *Using Data to Inform Decisionmaking*). An ECE provider may already collect data on health and safety standard compliance, child abuse and neglect cases (ECE providers are mandatory reporters), program accreditation and quality ratings, staff education and training, and child outcomes related to social skills or other domains. However, the breadth and depth of the information collected in each of these categories varies significantly by state and locality.

Service providers may need to develop additional capabilities to share observations and data with the other PFS project partners. Intermediaries can provide assistance, including support for governance oversight, progress monitoring and analytical support, course corrections, and financial management and investor relations. Activities could include tracking progress toward operational and impact goals, monitoring referral and enrollment, and convening relevant stakeholders to discuss issues and course corrections.[9]

In addition to the data they report to the PFS project partners, service providers should collect data at a more micro level for their own daily performance management—a process that might require different systems and can include regularly observing the actions of the direct service staff, reflecting with them on their interactions with the parents and children, and helping them modify their behaviors. This micro data can help identify professional development needs for direct service staff.

Why Consider a Pilot or Ramp-Up Period?

Incorporating a ramp-up period, or a test or pilot period, can give the service provider time to

[9] “Active Performance Management,” Social Finance US, accessed October 3, 2016, http://socialfinance.org/what-we-do/active-performance-management/.

identify and fix unanticipated implementation issues (Archer-Rosenthal 2016). Ramp-up periods can occur before or after project launch but do not affect outcome payments or the project's impact evaluation.

Ramp-up periods are a chance to test implementation against specific metrics (e.g., recruitment success or retention past a given target) and are not a tool to pretest the program's impact on the target population. The Chicago PFS project included a one-year ramp-up period after the project launched, but the evaluation did not begin until the following year.

If a PFS project is expanding an active program, a ramp-up period may be narrowly targeted at the service provider's capacity to absorb additional children. But if the intervention is new, a ramp-up period is likely to be more involved. In the latter scenario, it is less likely that the cohort of children participating in the program during the ramp-up period would be included in the independent evaluation that determines repayment, because their cohort will have aged out of ECE.

BOX 4

METRICS FOR EVALUATION VERSUS METRICS FOR PAYMENT

In Utah, math and reading proficiency, secondary and postsecondary school completion, college readiness, and connection to health insurance and health care providers are tracked but not tied to success payments (only special education avoidance is tied to success payments). In Chicago, student mobility and retention, improvements in socioemotional learning, parent engagement, and school attendance are tracked with no relation to success payments (only kindergarten readiness and third grade literacy are tied to success payments). These data help project partners understand the developmental trajectories of program participants beyond the payment indicators measured for the independent evaluation. The data serve three purposes beyond those of outcomes used for repayment. First, they track the influence of the intervention beyond the children enrolled, capturing benefits that spill over to parents, unenrolled siblings, and family well-being. Second, they track medium- and long-term outcomes beyond the scope of a PFS project. Many of the largest and most cost-beneficial program effects occur years after program participation. Long-term outcomes such as educational attainment will help stakeholders understand the full impact of the intervention. Third, a broader list of program outcomes allows stakeholders to investigate and validate the choice of outcomes tied to repayments. For example, if stakeholders use proxy measures (e.g., third-grade literacy for high school graduation), they can examine how that measure and others track together and assess whether the proxy fully captures the program's success.

Midproject Course Corrections

As part of the iterative feedback process among partners, midproject course corrections based on data, observations, or interim impact indicators may be necessary. These alterations are typically decided between intermediaries and service providers in response to observed asymmetries in data that suggest implementation problems. Project contracts should be flexible enough to allow for these adjustments, which can be programmatic (e.g., introducing new teacher training or assignments to improve cultural competency) or structural (e.g., changing enrollment outreach efforts to meet attendance requirements).

One concern in ECE programs is attendance: programs cannot be effective if children are not attending school consistently. Partners in the Utah PFS project identified attendance as a concern in the project's first year and improved parental outreach and education as part of a course-correction strategy.

Another challenge ECE programs face in maintaining quality is teacher turnover. ECE teachers may not be well compensated compared with other employment opportunities, and they may not receive health or retirement benefits. These factors should be considered when deciding the "full costs" of the services. If the teachers employed by a service provider usually have low compensation and few benefits, the PFS project may want to consider requiring higher levels of compensation and benefits to assure more continuity of the teaching staff for the intervention.

BOX 5

COURSE CORRECTING IN PAY FOR SUCCESS

The New York Recidivism and Workforce Development Project provides a good example of midproject course corrections. Since project launch, the Center for Employment Opportunities has seen the number of participants fluctuate because of structural, operational, and seasonal factors. Social Finance US, the project intermediary, has helped make iterative improvements to service delivery. When the pool of participants for the project became too small, Social Finance helped the Center for Employment Opportunities with data analysis and problem solving to develop an appropriate geographic expansion strategy to serve more participants. This strategy included adding new probation offices to reach different geographies. When adherence to project protocol slipped, the intermediary also supported project partners in developing and conducting training sessions for frontline staff.

Conclusion

Project partners must choose service providers that are ready to join or expand an intervention, participate in a rigorous evaluation, serve more or new types of children and families, and engage in performance management activities that may go beyond the status quo. Strong project governance can help ensure that implementation goes smoothly and that course corrections are made when necessary. Finding strategies to mitigate the risk that a program is not implemented with fidelity to the model can ease stakeholder concerns.

Appendix A

TABLE A.1

National Accreditation Organizations

ACCREDITATION	SETTING AND AGE LEVEL	ACCREDITATION COMPONENTS	PURPOSE
Accredited Professional Preschool Learning Environment	• Preschool • School age	• Application and fees • Self study • Portfolio • On-site verification visit	Accreditation designed for all types of facilities, small centers, privately owned, faith-based, or corporate programs.
American Montessori Society	• Montessori programs for children from birth to high school • Infant and toddler • Preschool • School age	• Application and fees • Self study • Evidence report • On-site peer review visit	Accreditation for Montessori programs based on standards evaluating mission and vision; governance, leadership, and continuous improvement; teaching and learning; documenting and using results; personnel; facility resources; finances; records, resources, and support systems; and stakeholder communication and relationships.
Association of Christian Schools International	• Preschool • School age • Family and children's agencies • Adult day care • Foster care • International adoptions	• Application and fees • Timeline • Self-study • On-site verification visit	Accreditation designed to qualify and verify that programs are striving for excellence based on a Christian philosophy of education.
Council on Accreditation	• Preschool • School age • Family and children's agencies • Adult day care • Foster care • International adoptions	• Application and fees • Self study • On-site verification visit	Accreditation based on administration, management, and service standards.
National Association for the Education of Young Children Academy for Early Childhood Program Accreditation	• Infant and toddler • Preschool • School age	• Application and fees • Self study • Evidence and documentation • On-site verification visit	Accreditation based on standards to advance children's learning and development; qualifications, knowledge, and professional development of a program's teaching staff; partnerships with families and the community; and the program's physical environment and leadership and management provided by the program administration.
National Early Childhood Program Accreditation	• Infant and toddler • Preschool • School age	• Application and fees • Self assessment • Action plan • Portfolio • On-site verification visit	Accreditation based on 29 concepts that are statistical indicators of quality programming.

Sources (in order of citation): "About QRIS," US Department of Health and Human Services, Administration for Children and Families, National Center on Early Childhood Quality Assurance, accessed October 4, 2016, https://qrisguide.acf.hhs.gov/index.cfm?do=qrisabout; "APPLE Overview," Florida Association for Child Care Management, accessed October 4, 2016, http://www.faccm.org/apple-about; "AMS School Accreditation," American Montessori Society, accessed October 4, 2016, http://amshq.org/School-Resources/AMS-School-Accreditation; "Accreditation," Association of Christian Schools International, accessed October 4, 2016, https://www.acsi.org/school-services/accreditation; "Standards for Child and Youth Development (CYD) Programs," Council on Accreditation, accessed October 4, 2016, http://coanet.org/standards/standards-for-child-and-youth-development-programs/; "Introduction to the NAEYC Accreditation Standards and Criteria," National Association for the Education of Young Children, accessed October 4, 2016, https://www.naeyc.org/academy/content/introduction-naeyc-accreditation-standards-and-criteria; "NECPA Standards," National Early Childhood Program Accreditation, accessed October 4, 2016, http://necpa.net/page/NECPAStandards.

TABLE A.2

ECE PFS Procurement Processes

SUBGRANTEE OR ISSUING ORGANIZATION	LOCATION	YEAR	DETAILS
Governor's Office of Policy & Research	Colorado	2013	The office released an RFI for PFS, listing early childhood as an area of interest.
Office of Strategic Partnerships	Colorado	2013	The City and County of Denver released an RFI for PFS, listing early childhood as an area of interest.
Governor's Office of Management and Budget	Illinois	2013	The office released an RFI for PFS, listing education as an area of interest.
The Children's Advocacy Alliance, Nevada Succeeds, and the Federal Reserve Bank of San Francisco	Nevada	2014	Several organizations released an RFI to identify early childhood education programs, organizations, and initiatives in Southern Nevada that use an ECE strategy or structure that has or can result in quantifiable cost savings to a public or government entity.
Department of Education	Nevada	2016	The department released an RFA to procure a project manager or service provider(s) for a PFS pre-K pilot project.
Division of the Budget, in partnership with the Executive Chamber	New York State	2012	The state released an RFI to identify opportunities for innovative financing models, including PFS. Education is mentioned as an example of a potential focus for a place-based strategy.
Governor's Budget Office	Pennsylvania	2015	The office released an RFI for PFS, listing early childhood as an area of interest.
Department of General Services, Bureau of Procurement	Pennsylvania	2015	The department issued an RFP soliciting contractors for PFS projects focused on expanding access to high-quality pre-K, reducing recidivism, and promoting public health and well-being.
Mayor's Office of Budget and Finance	Washington, DC	2013	The office released an RFP to identify a contractor to conduct a feasibility study that would determine the most appropriate content area to initiate a PFS project. Education is listed as a possible content area.

Sources (in order of citation): State of Colorado, Governor's Office of Policy & Research, "Pay-for-Success Contracts," request for information, 2013, http://www.payforsuccess.org/sites/default/files/colorado_pay-for-success_rfi.pdf; Denver Office of Strategic Partnerships, "Social Impact Bonds," Request for Information 7151, issued September 3, 2013, http://www.payforsuccess.org/sites/default/files/denver_socialimpactbonds_rfi.pdf; Illinois Governor's Office of Management and Budget, 2013. "Social Impact Bonds," request for information, 2013, http://www.payforsuccess.org/sites/default/files/social_impact_bonds_illinois_rfi_final_5_2_13.pdf; Children's Advocacy Alliance Nevada, "Request for Information: Social Impact Bonds–Pay for Success Based Financing," 2014, http://www.payforsuccess.org/sites/default/files/rfihighqualityprograms3.5.14.pdf; Nevada Department of Education, "Pay for Success Pre-K Pilot Program," Request for Applications 16-002, February 9, 2016, http://govlab.hks.harvard.edu/files/siblab/files/nevada_pay_for_success_rfa.pdf?m=1458931631; New York State Division of the Budget, "Identifying Innovative Ways to Finance Social Services," http://www.payforsuccess.org/sites/default/files/rfi_-_identifying_innovative_ways_to_finance_social_services.pdf; Pennsylvania Governor's Budget Office, "Pay for Success Initiative," Request for Information #0B 2015-1, http://www.payforsuccess.org/sites/default/files/filedownload_1.pdf; Pennsylvania Department of General Services, Bureau of Procurement, "Pay for Success Performance Contracts in Early Childhood Education, Public Safety, and Health and Human Services," RFP 6100035379, issued August 18, 2015, http://govlab.hks.harvard.edu/files/siblab/files/pa_rfp_2015.pdf; "District of Columbia Issues RFP for Social Impact Bond Feasibility Study," Nonprofit Finance Fund, accessed October 4, 2016, http://www.payforsuccess.org/resources/district-columbia-issues-rfp-social-impact-bond-feasibility-study.

Notes: K = kindergarten; PFS = pay for success; RFA = request for applications; RFI = request for information; RFP = requests for proposals, feasibility studies, or transaction structuring.

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