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United Way of Salt Lake Announces Results-based Financing for Low-income Preschool Students

Investment is the first of its kind in the country

Salt Lake City – United Way of Salt Lake (UWSL) today announced the creation of the country’s first-ever results-based financing vehicle designed to expand access to early childhood education for at-risk children in Utah. The investment deal, in which Goldman Sachs and J.B. Pritzker commit several million dollars in private-sector investment, could potentially benefit up to 3,700 children over multiple years and save state and local government millions of additional dollars.

“Access to early education gives children a foundation they will build upon throughout their education and beyond,” said Lloyd C. Blankfein, chairman and CEO of Goldman Sachs. “Through this innovative financing, we are pleased to partner with J.B. Pritzker and United Way of Salt Lake to provide the opportunity to thousands of children who otherwise may not have been able to attend preschool.”

In 2010, Voices for Utah Children, Granite School District, and UWSL began laying the groundwork for the transaction through a multi-year study of academic results and cost savings. The education program uses a locally-designed, structured curriculum to better prepare children for kindergarten, close the achievement gap and help them remain on track to complete high school, while decreasing the use of special education and remedial services in elementary school – resulting in cost savings for local communities, the state and the school district.

To date, Granite and Park City School Districts have successfully implemented the program, yet many children do not have the opportunity to participate.

“We are committed to solving our community’s most complex social problems,” said Deborah Bayle, president and CEO of UWSL. “Without high quality, early education opportunities, it will not be possible

to achieve our State's goals of 90 percent proficiency in core subjects, 90 percent high school graduation, and 66 percent of Utahns with a post-secondary education. That is why United Way of Salt Lake is proud to be part of this groundbreaking financing model."

In a longitudinal study conducted between 2006 and 2009, the Granite School District preschool program demonstrated that 33 percent of low-income students would likely have needed special education services. After participating in the program, 95 percent of those children no longer needed special education, allowing the state to save an estimated \$2,607 a year per child for 12 years.

"If we believe that every child deserves the chance to climb the ladder of success and achieve their full potential, we need to make sure they can at least get to the first rung on the ladder," said Karen Crompton, president and CEO of Voices for Utah Children. "We are pleased to work with UWSL and the other partners on this initiative to ensure a brighter future for children."

"Investing early and intelligently in the development of infants, toddlers and preschoolers significantly improves educational outcomes," said J.B. Pritzker, president of the J.B. and M.K. Pritzker Family Foundation. "Early learning reduces social and economic inequality and builds a better workforce and a stronger nation."

The partnership demonstrates the availability of willing investors and the overall results-based financing structure contained in legislation (SB71) proposed by Senator Aaron Osmond and Representative Greg Hughes during the 2013 Legislative Session. The initial phase of investment of up to \$1 million is being made as a "proof-of-concept", with the potential for subsequent investment as public entities that realize cost savings as a result of the program join this unique partnership.

Salt Lake County Mayor Ben McAdams has proposed that the County consider a public/private partnership to advance the preschool expansion.

"In other states where rigorous standards and a high-quality curriculum have been used to offer preschool to economically-disadvantaged children, the return on investment has been 7 to 1 – that is a \$7 benefit to the local budget – money not needed for special education, crime or public assistance as well as higher wages for consumer spending – for each dollar invested. It's the right thing to do for children, and the fiscally responsible course for taxpayers," said McAdams.

“I am very pleased that private investors and United Way of Salt Lake have agreed to work together on this innovative proof-of-concept transaction that will reinforce how results-based financing can be successfully applied to fund early childhood education in Utah,” said Senator Osmond. “While I do not support universal preschool, I know that early education is a critical and real need for our most at-risk children and their parents, and this model reduces costs to the state long term. I look forward to working with the Utah Legislature to engage the State of Utah in this exciting and fiscally responsible approach!”

Because the need for high quality preschool is so significant, it is not possible for private philanthropy to address this challenge alone. This loan demonstrates a successful new model for financing early childhood education to be scaled statewide as well as replicated in other jurisdictions.

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United Way of Salt Lake is working to advance the education, income, and health of our neighborhoods and communities to ensure that every child succeeds, every step of the way, from cradle to career. We invite everyone to be a part of the change. You can give, you can advocate, and you can volunteer. That’s what it means to LIVE UNITED. Join the conversation by visiting our blog at uwsllhub.org, or find out more at uw.org.

About Salt Lake County

Salt Lake County is home to over 1 million residents from diverse ethnic and cultural backgrounds. Mayor Ben McAdams has prioritized education as one of his initiatives to improve quality of life for county residents and a critical element in maintaining Salt Lake County as a major metropolitan area with a small town feel. Salt Lake County is committed to supporting its children to be ready to attend school and throughout their education careers. The County currently provides targeted educational support including safe, constructive after school programs, behavioral health services for youth and a partnership with Head Start to provide preschool services at the Christmas Box House, a residential facility for children under 5.

About Pritzker Children's Initiative

The Pritzker Children's Initiative, a national project of the J.B. and M.K. Pritzker Family Foundation, seeks to enhance the early learning capabilities of infants and toddlers, with a special focus on at-risk children and their families. The Foundation is a private family foundation deeply committed to the pursuit of social justice and to shaping innovative and effective strategies for solving society’s most challenging problems. Among the initiatives supported by the Pritzker Children’s Initiative are the Pritzker Consortium on Early Childhood Development, a research collaborative led by Nobel Laureate economist James Heckman of the University of Chicago; the First Five Years Fund, a national early childhood advocacy project; and the Ounce of Prevention Fund, one of the nation’s leading providers of programs, research and policy focused on helping at-risk infants and toddlers and their families.

About the Goldman Sachs Urban Investment Group

Established in 2001, the Urban Investment Group deploys the firm's capital by making investments and loans that benefit urban communities. Through its comprehensive community development platform, UIG is a catalyst in the revitalization of underserved neighborhoods and the creation of economic opportunities for disadvantaged families. UIG has committed more than \$2.8 billion, facilitating the development of 13,200 units of housing, dozens of community facilities, vital retail and commercial space as well as generating thousands of jobs.”