



# Response to Michigan Request for Information Social Impact Bonds

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## **EXECUTIVE SUMMARY**

It is vital that we provide our babies, toddlers and preschoolers with quality learning and growth experiences to equip them for success in school, employment and life. Infants are hardwired to learn before they are born. Supportive environments and early cognitive enrichment provide the foundation for educational success. Neurological science supports that the architecture of a brain is established early in life and becomes the foundation for language, social behavior, problem solving, and emotional health. Early learning provides the foundation for higher levels of learning later in the child's educational experiences. A strong foundation increases the odds for positive outcomes, whereas a weak foundation increases the odds of problems later in life.<sup>1</sup>

Children who are infants and toddlers today are the future leaders of our community and the talented workforce that will fuel our economy in 20 years. Healthy child development is the foundation of a successful society in that it impacts a child's future educational achievement, economic productivity, responsible citizenship and lifelong health. These pillars strengthen next generation parenting and help build strong communities and a healthy economy. At risk children who participate in quality early education programs demonstrate higher educational skill attainment and graduation rates and are more likely to pursue post high school education than those who did not attend early childhood programs.<sup>1</sup> Investments in quality early childhood programming will return up to seventeen dollars for each dollar spent. These savings are realized in reduced k-12 remediation, and social service / crime related costs.<sup>2</sup>

Each year approximately 1,800 children walk through the doors of kindergarten classrooms in Holland, Zeeland and Hamilton area schools. Last fall, 62% of those children met the benchmark criteria for kindergarten readiness, up from a baseline of 55% in 2010. The overarching goal of Ready for School is to increase the capacity and quality of early childhood education and support for parents of young children in Holland, Zeeland and Hamilton, Michigan in order to achieve DIBELS (Dynamic Indicators of Basic Early Literacy Skills) scores that indicate that 75% of the children in the target area are ready for kindergarten by 2015.

In order to achieve successful outcomes, the community must create an environment where early childhood strategies thrive. There is no one intervention that will have the desired impact on school readiness. An integrated, community-wide, holistic, whole-child approach to early childhood is required.

We propose Social Impact Bond financing be explored in Michigan to scale an integrated community approach to improving early childhood outcomes with an emphasis on preschool programming for low-income three year old children and increased parent engagement. Michigan has already displayed a

<sup>1</sup> Shonkoff, J. 2009. *InBrief: The Science of Early Childhood Development*. Center on the Developing Child at Harvard University. Retrieved from: [http://developingchild.harvard.edu/index.php/resources/multimedia/videos/inbrief\\_series/](http://developingchild.harvard.edu/index.php/resources/multimedia/videos/inbrief_series/).

<sup>2</sup> Schweinhart, L. 2004. *The High/Scope Perry Preschool Study Through Age 40: Summary, Conclusions and Frequently Asked Questions*. The High/Scope Educational Research Foundation.



commitment to early childhood services, particularly preschool services for low-income four year old children through the recent increase in funding to the Great Start Readiness Program. By exploring an integrated approach to early childhood, the State of Michigan would further improve the outcomes and returns of those recent commitments by ensuring that more children are reached by the program. Ready for School is uniquely qualified to explore a pay-for-success model because:

- A common assessment and evaluation partnership is established with all school districts and school systems in the target area including public, private and charter.
- Data has already been generated and a benchmark exists to gauge progress.
- The ability to mobilize public/private partnerships, integrate efforts and engage all sectors on early childhood has been demonstrated.
- The ability to leverage corporate, foundation and individual investors has been demonstrated.
- The size and scope allows us to manage innovation in the early childhood arena that can later be scaled to other communities

## **INITIATIVE BACKGROUND**

In 2007, through a community forum the Community Foundation of the Holland /Zeeland Area (CFHZ) was the catalyst for identifying early childhood as the most pressing issue influencing our community's present and future development. The corporate world in particular saw this as a way to begin building the talented workforce of tomorrow. The CFHZ developed a plan, now known as Ready for School, designed to ensure that children in the Holland/Zeeland community enter kindergarten prepared to succeed.

In 2008, early learning standards and shared measurements for school readiness across districts were identified in order to set a baseline to determine progress and to determine effective strategies for early education. In order to sustain this work over time, a Readiness Council was created to provide leadership and oversight. The Council was comprised of leadership from the medical, early education and care, government and community agencies, k-12 education, faith-based, and employer sectors. The Council was responsible for ongoing planning and developing a three year strategic plan. The CFHZ provided the seed funding as well as led a funding consortium to leverage additional funds. The work was coordinated through contract arrangements with community partners. Evaluation and data collected on an ongoing basis was processed by the Carl Frost Center for Social Science Research at Hope College and helped to set the baseline, show progress over time and assure outcomes are being met.

In the fall of 2008, 1,300 children representing the five largest school districts agreed to use the same measurement to determine kindergarten readiness. The screen agreed upon was the DIBELS (Dynamic Indicators of Basic Early Learning Skills) assessment. At that time, 46% of the children entering



kindergarten were ready for school. A school administered survey, created by the Frost Center, given to parents of incoming kindergarteners helped to identify the neighborhoods, demographics and history of each child's early childhood experience. Parents provided information on obstacles that prevented them from obtaining services and the kind of services they believed their neighbors down the street would benefit from.

In 2009, 1,668 children were screened with four additional school districts joining the effort. Nine Holland/Zeeland area school districts showed only 43% of children screened ready for kindergarten. The immediate goal of Ready for School was set to increase the DIBELS scores of entering kindergartners to 75% by 2013. In one year, over 140 community leaders actively engaged in designing, supporting and overseeing the Ready for School initiative.

In 2010, 1,554 children were screened with 55% considered ready for kindergarten. Leading into 2010, the DIBELS screen was enhanced which prevented us from seamlessly comparing the data from any previous DIBELS screens. We were encouraged through our ongoing conversations with the W.K. Kellogg Foundation to change our baseline year to 2010 because of the change in the screen and the fact that over the past two years six additional school districts had joined the original five further compromising our baseline. They further advised that our goal should be five years out from that baseline to allow us five years of interventions before a child entered kindergarten. Our goal was revised and solidified as we will achieve DIBELS scores that indicate that 75% of the children in the target area are ready for kindergarten by 2015. Also, in 2010, the initiative established a physical address in office space at Hope College with the help and support of the college.

In 2011, 1,589 children were screened with a positive trend upward to 62% meeting the benchmark criteria for readiness. It was in this year that Ready for School became a 501 (c)(3) non-profit agency. It was also this year that Ready for School received financial support from the W. K. Kellogg Foundation (WKKF) with a one year \$398,894 grant award. We launched a fundraising campaign to secure additional resources to scale the size and scope of the initiative and successfully matched WKKF's investment with \$412,450 from within the community. Ready for School was identified as a promising initiative by Model Community Initiatives and Talent 2025, local and regional strategic business and stake-holder collaborations working to improve the social and economic outcomes in our area. These partnerships enhanced our ability to leverage funds and support from the corporate sector as well as collaborate and share best practices with other promising early childhood initiatives throughout the region and state including First Steps, Starfish Family Services, Believe2Become and the Children Health Access Program. These partnerships also better our position to scale interventions with demonstrated impact to



other communities. It was also in this year that Ready for School expanded to include the neighboring community of Hamilton. In order to maintain the integrity of our performance metrics, the data from the Hamilton area is not included in our reporting and therefore has not compromised our baseline.

In 2012, 1,670 children were screened and as determined by the DIBELS gains held at 62%. The W.K Kellogg Foundation awarded a \$1,957,467 grant to Ready for School to continue to scale our interventions. These funds along with contributions from the community enabled us to continue to grow our size and scope to reach our goal of 75% by 2015. Our greatest area of focus in this year was in our community outreach, working in the neighborhoods and building the Ready for School brand of trust, one person at a time. It was during this year that we experienced intensified interest in the Ready for School model by other communities.

In 2013, Ready for School leadership came together to develop the next steps of our development. As a framework we updated our strategic plan. The plan then led us to the reengineering of the initiative's structure in order to integrate and create synergies within sectors. The structure was reengineered in part to record a replicable model to assist other communities that have aspirations to build a community model to impact kindergarten readiness. In this year, Ready for School, The Great Start Readiness Program and Head Start all combined efforts to create a common grant application for families seeking tuition assistance. In addition to this, the Great Start Collaborative contracted with Ready for School for parent engagement to help find families who qualify for the Great Start Readiness Programming. We engaged area corporations to invest rather than donate, leading to multi-year investments from leading area employers. The combination of local and state-wide investments increased our initiative's annual budget to more than a million dollars, emphasizing the community's commitment to early childhood. In this year a new system was developed and implemented which tracks the various interventions a child has encountered from 0-5 years to their readiness at kindergarten.

#### **TARGET MARKET AND INTERVENTION MODEL**

As part of the kindergarten enrollment process in Holland and Zeeland a survey is distributed annually to parents of incoming kindergartners asking for: 1) a history of their child's preschool experiences; 2) demographics information; 3) where they seek information on their child's development and educational resources; 4) obstacles experienced in obtaining early childhood experiences for their child; and 5) perceptions of the services their neighbors could benefit from.

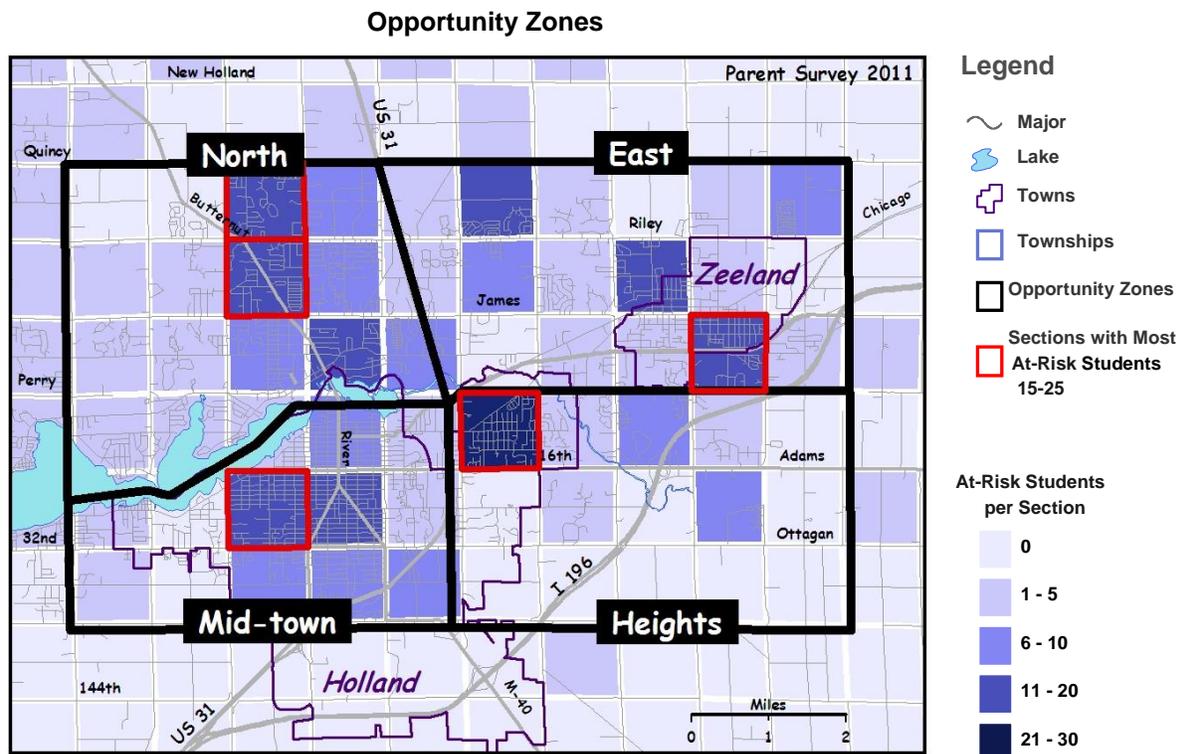
**TARGET MARKET**

There are approximately 10,000 children ages 0-5 in the Holland, Zeeland and Hamilton area in any given year. The overall demographics of this area are 75% Caucasian, 17% Hispanic, 4% Asian, 2% African-American, 2% Other and >1% Native American.<sup>3</sup> Based on the results of the DIBELS assessment and feedback from the parent survey, the children who were not ready for school, and their parents, are our target population. Those who were not ready for school were predominantly:

- Hispanic
- Eligible for a free or reduced lunch program (45% of children in service area qualify)
- Living in a family structure other than with both a mother and father
- Living in non-English/bi-lingual speaking homes

Further evaluation of the data from schools identified neighborhood patterns where targeted strategic interventions can have the greatest impact. Four distinct zones within Holland and Zeeland were identified. We call these “opportunity zones” and focus our efforts in these areas.

**Figure 1. Opportunities zones identified in the Holland/Zeeland Area where a high density of at-risk families reside**



<sup>3</sup>Greater Ottawa County United Way. 2012. Community Assessment for Ottawa County.

## INTERVENTION MODEL

In every survey since 2008, parents have indicated that they do not know what it means to have their child ready for school. In partnership with the area schools, a common definition of readiness was developed to help guide parents and caregivers. In the survey, parents indicate their sources of information regarding child development and parenting include:

- Family and friends
- Physicians
- Schools
- Churches
- Child Care Providers
- Employers

Additionally, they identify the leading obstacles to obtaining desired child care and early education experiences as:

- Cost
- Level of trust/comfort
- Transportation
- Hours of operation

The results of the DIBELS combined with the parent survey are the road map to develop and evolve the initiative model, the various networks we engage, intervention plans, goals and objectives both overall and as they relate to the various interventions. The initiative's key objectives are to:

- **Engage and inform parents** about the role they play as teachers in the first years of their child's development. From birth to the first day of school, Ready for School connects parents to the resources and services they need to be successful as their child's first teacher.
- **Enhance existing programming** by engaging current preschool and child care providers in the Ready for School movement through opportunities for professional development and access to effective research-based teaching methods and learning tools.
- **Expand early learning opportunities** by removing barriers that may discourage participation.

The objectives are addressed through various networks by utilizing partnerships within all sectors of the community as outlined in the work plan in Figure 2 :



**Figure 2. Initial work plan for the initiative by sector**

Network	Target Age	Objective	Strategies
Health Care	0-5	To Engage and Inform Parents	To utilize the medical community to inform parents about the importance of their role in the early years. Identify and refer children and families to early childhood information and resources and to assure that all children 0-5 have a medical home.
Community Outreach and Education	0-5	To Engage and Inform Parents	To significantly engage and impact families through trusted social services agencies, business and neighborhood outreach.
Employer	0-5	To Engage and Inform Parents	To engage Holland/Zeeland employers/employees understanding of the importance of early childhood development and its benefit to the community, the employers overall workforce and employees.
Schools	0-5	To Engage and Inform Parents	To utilize all school systems in the Holland/Zeeland community to engage and inform parents on the importance of early childhood interventions. To work with area early childhood professionals in building bridges that promote a seamless transition from the pre-k experience to kindergarten and beyond.
Faith	0-3	To Engage and Inform Parents	To engage and inform families through their institutions of faith by partnering with area churches through existing programs and missions unique to that community of faith.
Pre-K	3-5	To Enhance existing early childhood programs	To partner with center based pre-k teachers and directors through the use of professional development, parent training and community events.
Child Care	0-5	To Enhance existing early childhood programs	To partner with home based licensed child care providers through the use of professional development and providing for opportunities to collaborate among the child care provider community.
S.E.E.D.	0-5	To Expand early childhood learning opportunities	To expand early childhood learning opportunities and assure prudent stewardship of public and private resources through strategic investment, by: expanding services for families where obstacles have been identified; evaluating outcomes; and disbursing of funds.
Board of Directors		To achieve the goal of 75% of children in the Holland/Zeeland area Ready for School by 2015	Provide leadership and infrastructure that will assist Ready for School to accomplish its goal, objectives and strategies.
Marketing and Communication		Facilitate the vision and values of Ready for School through comprehensive strategic marketing and communication	Position Ready for School as the brand that parents identify to provide readiness information using various modes of communication.
Fund Development and Sustainability		To identify and procure sources of funding to support and sustain the on-going Ready for School initiative monetary needs	Identification and procurement of funding which will allow the initiative to grow to the size and scope necessary to achieve the identified outcomes and sustain the initiative.

The work in the Holland/Zeeland community has been funded and executed through local and regional partnerships. **Major** partners of the Ready for School initiative are listing below:

**Funding partners:** Blue Cross Blue Shield of Michigan Foundation, Brooks Family Fund, Community Foundation of the Holland/Zeeland Area, Frey Foundation, Greater Ottawa County United Way, Haworth, Inc., Herman Miller Foundation, Larry and Karen Mulder Foundation, Padnos Foundation, PNC Foundation, W.K. Kellogg Foundation.

**Education Partners:** Black River Public Schools, Hamilton Public Schools, Holland Christian Schools, Holland Public Schools, Hope College, Ottawa Area Intermediate School District, West Ottawa Public Schools, Zeeland Christian Schools, Zeeland Public Schools, private and charter schools and area child care and preschool providers.



**Employer Partners:** Acme Pallet, Inc, Agritek, Bank of Holland, Charter House, Inc., Crown Motors, DeNooyer Chevrolet, Enviro-Clean, Gentex Corporation, Global Concepts Enterprises, Inc., Haworth, Inc., Herman Miller, Howard Miller Company, Huntington Bank, Johnson Controls, Inc., Macatawa Bank, PADNOS, Plascore, PNC Bank, Primera Plastics, Shoreline Container, Trans-Matic, Uniform Color Company, West Michigan Uniform, Worksighted, Woodward FST, Zeeland Farm Services

**Health Care Partners:** Blue Cross Blue Shield of Michigan, Holland Community Health Center, Holland Hospital, Intercare Community Health Network, Ottawa County Health Department, Priority Health, Spectrum Health Zeeland Hospital

**Community Organization Partners:** Community Foundation of the Holland/Zeeland Area, Cradle to Career Collaborative, Great Start Collaborative of Ottawa County, Great Start Readiness Program Ottawa County, Great Start Resource Center, Greater Ottawa County United Way, Lakeshore Head Start, Michigan West Coast Chamber of Commerce, Model Community Initiatives, Outdoor Discovery Center, Talent 2025.

**COST-BENEFIT**

Studies on the benefits of kindergarten readiness have shown returns up to \$17 for every dollar invested. A conservative estimate for the savings for every child who enters kindergarten prepared in Michigan is \$39,473.<sup>4</sup> Figure 3 illustrates the source of those savings.

**Figure 3. Source of savings for each child that enters kindergarten prepared in Detroit and Michigan**

Cost category	Detroit	Michigan
K-12 special education	\$2,304	\$1,720
K-12 grade repetition	\$1,072	\$654
<b>Subtotal K-12 lifetime savings</b>	<b>\$3,376</b>	<b>\$2,374</b>
Criminal justice	\$50,943	\$14,798
Child care subsidies	\$8,145	\$6,315
Public assistance	\$5,245	\$4,066
Child welfare	\$2,037	\$1,579
State tax revenue	\$262	\$262
Unemployment insurance	\$333	\$386
<b>Subtotal state government lifetime savings</b>	<b>\$66,965</b>	<b>\$27,406</b>
Crime victims saving	\$27,762	\$8,064
Health (Alcohol abuse and drug use)	\$84	\$84
Productivity of employed parents	\$1,545	\$1,545
<b>Subtotal social savings</b>	<b>\$29,391</b>	<b>\$9,693</b>
<b>Total per child lifetime savings</b>	<b>\$99,732</b>	<b>\$39,473</b>
<b>Total adjusted for out-migration</b>	<b>\$79,611</b>	<b>\$32,075</b>

<sup>4</sup>Wilder Research, 2012. *Detroit's one-child school readiness dividend*. Max M. and Marjorie S. Fisher Foundation

The gains realized in Holland/Zeeland since 2010 represent 209 additional children entering kindergarten above baseline. According to the data listed in Figure 3. The readiness gains in Holland/Zeeland since 2010 represent \$8.25 million in savings.

As illustrated in Figure 3, quality early childhood education resulting in increased kindergarten readiness produces both immediate short-term as well as long-term savings. The short term savings are in decreased k-12 special education designations and grade repetition. The long-term savings are realized in reduced dependence on public assistance, increased educational attainment and less interaction with the criminal justice system.

Additionally, early childhood investments promote productivity growth and job creation in the near term and cultivate a better future workforce by:

- attracting highly-skilled workers with young children, who are more likely to settle where quality services are most available
- giving employees peace of mind so they can be more productive on the job
- boosting demand for well-qualified teachers, who, in turn, spend their earnings locally<sup>5</sup>

## **CONCLUSION**

Early childhood investments position our children for success. For children, especially those at risk of failure in school, attending high-quality preschool programs can provide rewards that last a lifetime including: higher test scores throughout grades k-12; lower rate of grade repetition and special education placements; greater rates of high school graduates and college attendance; and increased employment rates and higher earnings as adults.<sup>5</sup> Investing in early childhood programs will also yield very high and long-term return on investment for the taxpayers of Michigan. Ready for School is prepared to assist the State in exploring pay-for-success financing for early childhood and determining the best interventions and outcomes for the highest return on investment. Ready for School is uniquely qualified to explore a pay-for-success model because:

- A common assessment and evaluation partnership is established with all school districts and school systems in the target area including public, private and charter.
- Data has already been generated and a benchmark exists to gauge progress.
- The ability to mobilize public/private partnerships, integrate efforts and engage all sectors on early childhood has been demonstrated.
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