



Save the Children
Action Network™

Social Impact Financing for Early Childhood Education

All Kids Deserve A Strong Start.

Investing in early childhood education is the most effective way to break the cycle of poverty. These investments lay a foundation for success later in school, career and life. The type of environment and the quality of interaction to which children are exposed in the first five years of life greatly influence the outcomes of their adult lives.

The Problem.

By age 5, a child's brain is already nearly completely developed, yet 2 out of 5 American children are not enrolled in preschool. Without access to high-quality early learning programs, children fall behind. Many never catch up.

The Solution.

Save the Children Action Network (SCAN) understands that funding is a large hurdle in the debate. This is why we are working to identify a wide range of innovative and viable funding mechanisms to support expanded investment in early education nationwide.

One of the ways the federal government can support state and locally run early childhood education programming is through the use of social impact bonds, also known as "Pay for Success" programs. The idea is simple: engage private sector investors to pay for the expansion of evidence-based early education and development programs that have proven results. Then, investors are paid back with money the government saves and new revenues generated from the increased economic contribution to the community that results when set targets are achieved. The savings to government are ample to pay back investors at near market rates.

Under "Pay for Success" programs, the government only pays for programs that deliver on their intended results. Everyone wins: governments, investors and, most importantly, the children in those communities.

Bipartisan champions in both the U.S. Senate and House of Representatives support "Pay for Success." In 2015, House Ways & Means Committee Member Congressman Todd Young (R-IN9) and Congressman John Delaney (D-MD6) introduced the Social Impact Partnership Act (H.R.1336). Young and Delaney also secured an amendment to allow for the use of Pay for Success financing under the House version of the Elementary and Secondary Education Act (ESEA) reauthorization bill, called the Every Child Achieves Act of 2015.

In the Senate, Finance Committee Chairman Orrin Hatch (R-UT) and Finance Committee Member Senator Michael Bennet (D-CO) introduced a companion bill, S.1089. Most recently, Hatch and Bennet offered an amendment to the Senate version of the ESEA reauthorization bill, which focused on using pay for success for early learning programs. The legislation was approved by the Senate on July 16, 2015.

About Us.

Save the Children Action Network is the political voice for kids. We believe that every child deserves the best start in life. That's why we're building bipartisan will and voter support to make sure every child in the U.S. has access to high-quality early learning and that no mother or child around the globe dies from a preventable disease or illness. By investing in kids and holding leaders accountable, we are helping kids from birth to age five survive and thrive.

