

**RESEARCH SERVICES AGREEMENT
(INFORMATION SHARING AGREEMENT)**

This Research Services Agreement (Information Sharing Agreement) ("**Agreement**") is effective as of December [2], 2014 (the "**Effective Date**"), and is entered into by and between the Board of Education of the City of Chicago, a body politic and corporate and commonly known as the Chicago Public Schools (the "**Board**" or "**CPS**") and SRI International, a California not-for-profit corporation (the "**Independent Evaluator**"), having offices located at 333 Ravenswood Avenue, Menlo Park, California 94025. The parties agree as follows:

RECITALS

WHEREAS, the Board and the City of Chicago (the "**City**") have entered into that certain Intergovernmental Agreement (the "**Intergovernmental Agreement**" or the "**IGA**") as of December [2], 2014, regarding the CPS CPC Program (as defined the IGA); and

WHEREAS, the Independent Evaluator and IFF Pay For Success I, LLC, an Illinois limited liability company (the "**Project Coordinator**") have entered into that certain Independent Evaluator Agreement ("**Independent Evaluator Agreement**") as of December [2], 2014, wherein the Project Coordinator has retained the Independent Evaluator to provide the Services (as defined in the Independent Evaluator Agreement) with respect to the CPS CPC Program; and

WHEREAS, the CPS and the Independent Evaluator desire to enter into this Agreement to establish a data-sharing and non-disclosure protocol (in consultation with the Technical Service Provider) pursuant to which data on students enrolled in a CPS school can be utilized by, and shared with, the Independent Evaluator for the use by the Independent Evaluator as set forth in the Evaluation Plan attached to the Independent Evaluator Agreement and hereto as Exhibit B.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

1. **Incorporation of Recitals, Evaluation Plan and Definitions**: The recitals set forth above are incorporated herein by reference and made a part hereof. The Evaluation Plan attached hereto as Exhibit B is incorporated herein by reference and made a part hereof. Capitalized terms used herein but not defined herein shall have the respective meanings given to them in the recitals set forth above or the Intergovernmental Agreement.

"Confidential Information" shall mean all information and data, whether in oral, written, graphic or machine-readable form including, without limitation, technical data, research, software, budget figures or any other information designated as "confidential" by CPS.

"Highly Confidential Information" shall mean the kind of information set forth in Exhibit C to this Agreement and any Board employee, volunteer, student, or teacher-identified or de-identified data whether in oral, written, graphic or machine-readable form including, but not limited to, name, address, student identification number, phone number, email address, gender, date of birth, ethnicity, race, foster care status, disabilities, medical history, medical records, individual education plan, school, grade, grade point average, standardized test scores, assessment data, after school activities, highest grade completed, discipline history, criminal history, free or reduced lunch qualifications, housing status, income, household income, payroll information, or any other information designated as "Highly Confidential" by CPS in any addendum to Exhibit C.

"Payment Data" shall mean the following aggregate data: (i) Total Number of Special Education Slots Avoided (as defined in the Evaluation Plan); (ii) Total Number of Kindergarten Ready Children (as defined in the Evaluation Plan) and (iii) the Total Number of Third Grade Children Reading at Grade Level (as defined in the Evaluation Plan), which data shall be included in the notice sent by the Independent Evaluator to the City, Project Coordinator and Lenders setting forth the payments due under the City PFS Agreement and the Intergovernmental Agreement.

"Public Information" shall mean all information and data furnished by CPS to the Independent Evaluator that is also available through public websites or databases including but not limited to the neighborhood data specified in the Evaluation Plan.

2. **No Compensation.** The Board shall not pay the Independent Evaluator any compensation or reimburse the Independent Evaluator for any expenses.

3. **Term.** This Agreement is for a term commencing on the Effective Date and continuing through the date the Independent Evaluator ceases to provide the Services, whether as a result of its resignation, replacement, or termination under the Independent Evaluator Agreement.

4. **Disclosure of Information.** The Independent Evaluator is authorized to receive Confidential Information and Highly Confidential Information from CPS for the purposes set forth in and as contemplated in the Evaluation Plan. The Independent Evaluator shall not disseminate any Confidential Information or Highly Confidential Information to a third party without the prior written consent of the Board's Chief Accountability Officer, provided that the Independent Evaluator shall have the right to disseminate the Payment Data to the City, the Project Coordinator and the Lenders for the purposes contemplated by the Evaluation Plan without such prior written consent. If the Independent Evaluator is presented with a request for documents by any administrative agency or with a *subpoena duces tecum* regarding any Confidential Information or Highly Confidential Information, which may be in its possession as a result of performing the Services, it shall immediately give notice to CPS and its General Counsel with the understanding that the Board shall have the opportunity to contest such process by any means available to it prior to submission of any documents to a court or other third party. The Independent Evaluator shall not be obligated to withhold delivery of documents beyond the time ordered by a court of law or administrative agency or as otherwise required by applicable law, unless the request for production or subpoena is

quashed or withdrawn, or the time to produce is otherwise extended. The Independent Evaluator may share any Public Information it receives from CPS with any third party.

5. **Services.** The Services the Independent Evaluator will provide for the CPS CPC Program include, but are not limited to, the services and actions contemplated in the Evaluation Plan attached hereto as Exhibit B (as amended, including for purposes of substituting the interim Evaluation Plan with the definitive Evaluation Plan prepared by the Independent Evaluator in accordance with Section 3(g) of the Independent Evaluator Agreement).

6. **Publication of Research Results.** The Independent Evaluator may disseminate the Payment Data to the City, the Project Coordinator and the Lenders, in each case for the purposes set forth in and as contemplated by the Evaluation Plan; provided the City, the Project Coordinator and the Lenders each delivers the Non-Disclosure Certificate attached hereto as Exhibit D. With the prior review by the Board, the Independent Evaluator may publish aggregated data results, other than the Payment Data, that do not include any individually identifiable data and disseminate such data to the Project Coordinator, Lenders, the City and the Steering Committee, in each case for the purposes set forth in and as contemplated by the Evaluation Plan. Prior to the publication of any data or results from Services performed under this Agreement other than the Payment Data, the Board's Officer of Accountability shall review or comment on and approve any portion of the publication prior to public dissemination. The Board shall also have the right to redact any inadvertent disclosures of Confidential Information or Highly Confidential Information in such reviewed material. Any redactions by the Board shall be final and Independent Evaluator agrees that the publication of any material not previously reviewed and approved by the Board's Officer of Accountability other than the Payment Data, including material redacted by the Board, shall be considered a material breach of this Agreement.

7. **Ownership.** All Confidential Information and Highly Confidential Information shall at all times be and remain the property of the Board.

8. **Unauthorized Access.** If Independent Evaluator has knowledge of any unauthorized access and/or use of shared Confidential or Highly Confidential Information, it shall: (i) notify the Board immediately, which in no event shall be longer than twenty four (24) hours from the Independent Evaluator receiving notice of the unauthorized access and use; (ii) take prompt and appropriate action to prevent further unauthorized access or use; (iii) cooperate with the Board and any government authorities with respect to the investigation and mitigation of any such unauthorized access and use, including the discharge of the Board's duties under the law; and (iv) take such other actions as the Board may reasonably direct to remedy such unauthorized access and use, including, if required under any federal or state law, providing notification to the affected persons. Independent Evaluator shall bear the losses and expenses (including attorneys' fees) associated with a breach of Confidential or Highly Confidential Information including, without limitation, any costs: (1) of providing notices of a data breach to affected persons, and to regulatory bodies; and (2) of remedying and otherwise mitigating any potential damage or harm of the data breach, including, without limitation, establishing call centers and providing credit monitoring or credit restoration services, as requested by the Board. The Independent Evaluator shall include the Unauthorized Access provision in any and all

agreements they execute with subcontractors under this Agreement and the Independent Evaluator Agreement.

9. **Treatment of Confidential Information.** The Independent Evaluator shall:

A. only use Confidential Information and Highly Confidential Information for the sole purpose of performing the Services.

B. require any contractors or prospective contractors engaged by it in performing research in connection with the Services to assume obligations of secrecy equal to or greater than the obligations that it has assumed in this Agreement with respect to Confidential Information and Highly Confidential Information.

C. not disseminate any Confidential Information or Highly Confidential Information other to a third party without the prior written consent of CPS, specifically the Board's Chief Accountability Officer, except to the extent required by law and provided that Payment Data may be disseminated as expressly set forth in this Agreement.

D. not issue publicity news releases or grant press interviews during or after the conclusion of the Services, except as provided for in the publicity protocol set forth in the Independent Evaluator Agreement, as may be required by law or with the prior written consent of CPS, specifically the Board's Chief Communications Officer.

E. only disclose Confidential Information and Highly Confidential Information to its officers, agents, employees, professional advisors, and contractors who have a need to access the Confidential Information and Highly Confidential Information and who have executed the Joinder in the form attached as Exhibit A prior to having access to any Confidential Information or Highly Confidential Information.

F. not copy or reproduce in any manner whatsoever the Confidential Information or Highly Confidential Information of CPS without the prior written consent of CPS, except where required for its own internal use to perform the Services.

G. upon the termination or expiration of the term of this Agreement, cease using and destroy all Confidential Information and Highly Confidential Information, including without limitation documents, analyses, work product and other data prepared by or furnished by CPS or collected by the Independent Evaluator in performance of the Services. The Independent Evaluator shall confirm by written affidavit to the Board that it has complied with the requirements of this provision.

H. not leave Confidential Information or Highly Confidential Information unsecured or unattended at any time.

10. **Transmitting Confidential Information and Highly Confidential Information.** The Independent Evaluator shall:

A. when mailing physical copies of Confidential Information or Highly Confidential Information, send the Confidential Information or the Highly Confidential Information in a tamper-proof, labeled container, with a tracking number and a delivery confirmation receipt.

B. only mail Confidential Information and Highly Confidential Information on electronic media, such as CDs, DVDs, electronic tape, etc., if the Confidential Information or Highly Confidential Information is encrypted. For purposes of this Agreement, information is "Encrypted" only if the encrypting program utilizes the Advanced Encryption standard ("AES") algorithm with a key of 256 bits or greater. Confidential Information and Highly Confidential Information shall only be mailed in accordance with the provisions of Section a, above.

C. encrypt all Highly Confidential Information prior to transmitting it electronically. It shall not transmit any Highly Confidential Information that is not Encrypted via email, blackberry, blackjack, instant messages or any other unencrypted protocols, subject to E below.

D. not send any password or other information sufficient to allow decryption of the Highly Confidential Information with the Encrypted Highly Confidential Information.

E. when transmitting Highly Confidential Information by facsimile, it will ONLY send Highly Confidential Information by facsimile when requested by the CPS Early Childhood Chief Officer, will only send it to the CPS Early Childhood Chief Officer, and in that instance it will be sent to a secured facsimile number provided by the CPS Early Childhood Chief Officer.

11. Storing Confidential Information and Highly Confidential Information.

The Independent Evaluator shall:

A. keep all physical copies (paper or other physical representations) of Confidential Information and Highly Confidential Information under lock and key, or otherwise have sufficient physical access control measures to prevent unauthorized access.

B. not leave Confidential Information or Highly Confidential Information unsecured and unattended at any time.

C. encrypt all Highly Confidential Information stored on electronic media, such as CDs, DVDs, tape, flash drives, etc. Further, such electronic media shall be kept locked, or otherwise have sufficient physical access control measures to prevent unauthorized access.

D. not leave Confidential Information or Highly Confidential Information in any electronic format unsecured and unattended at any time.

E. password protect any laptop, computer, or server that contains Confidential Information or Highly Confidential Information. Additionally, any laptop or computer that contains Highly Confidential Information shall have its full hard drive encrypted.

F. not leave any laptop or computer containing Confidential Information or Highly Confidential Information unattended without enabling a screen-lock or otherwise blocking access to the laptop or computer.

G. ensure that no password or other information sufficient to access a laptop or computer containing Confidential Information or Highly Confidential Information is attached or located near the laptop or computer at any time.

H. store and maintain the Confidential Information, the Highly Confidential Information and any related work product until the termination of the Independent Evaluator Agreement and upon such termination the Confidential Information, the Highly Confidential Information and any related work product shall be either destroyed or transferred to a successor Independent Evaluator that has entered into a data sharing agreement with the Board.

12. **Staff and Subcontractors.** Independent Evaluator agrees to cause its personnel, staff subcontractors, agents, and volunteers, if any, to undertake the same obligations of confidentiality and ownership agreed to herein by Independent Evaluator.

13. **Freedom of Information Act.** Independent Evaluator acknowledges that this Agreement and all documents submitted to the Board related to this contract award are a matter of public record and are subject to the Illinois Freedom of Information Act (5 ILCS 140/1) and any other comparable state and federal laws and that this Agreement is subject to reporting requirements under 105 ILCS 5/10-20.44.

14. **Compliance with Laws.** The Independent Evaluator is and shall remain in compliance with all applicable federal, state, county, and municipal, statutes, laws, ordinances, and regulations relating to this Agreement, as amended from time to time, including but not limited to the Illinois School Student Records Act, the Family Educational Rights and Privacy Act ("FERPA"), the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and the Protection of Pupil Rights Act. Further, the Independent Evaluator is and shall remain in compliance with all Board policies and rules, as may be amended from time to time. Board policies and rules are available at <http://www.cps.edu/>.

15. **Independent Contractor.** It is understood and agreed that the relationship of Independent Evaluator to the Board is and shall continue to be that of an independent contractor and neither Independent Evaluator nor any of Independent Evaluator's employees shall be entitled to receive Board employee benefits. Independent Evaluator is the common law employer of the individuals who perform services for the Board. As an independent contractor, Independent Evaluator agrees to be responsible for the payment of all taxes and withholdings specified by law which may be due in regard to compensation paid by the Board. To the extent that the Independent Evaluator is subject to taxes under Section 4980H of the Internal Revenue Code, the Independent Evaluator shall be solely responsible for paying such taxes. Independent Evaluator agrees that neither Independent Evaluator nor its employees, staff or subcontractors shall represent themselves as employees or agents of the Board. Independent Evaluator shall provide the Board with a valid taxpayer identification number as defined by the United States Internal Revenue Code, including but not limited to, a social security number or federal employer identification number.

16. **Indemnification.** To the extent permitted under Illinois law, the Independent Evaluator agrees to protect, defend, indemnify, keep, save, and hold the Board, its officers, officials, CPS staff and agents, the Project Coordinator, the Technical Services Provider and the Lenders free and harmless from and against any and all liabilities, losses, penalties, damages, settlements, costs, charges, professional fees (including reasonable attorneys' fees) or other expenses or liabilities of every kind, nature and character, including but not limited to, expenses for enforcement of this indemnification provision, arising out of or relating to any and all claims, liens, demands, obligations, actions, suits, judgments or settlements, proceedings or causes of action of every kind, nature and character in connection with or arising directly or indirectly out of the Independent Evaluator's unauthorized or negligent use, access or handling of CPS Confidential Information and CPS Highly Confidential Information, or the negligent acts or omissions or willful misconduct of the Independent Evaluator, its officers, officials, agents, employees, subcontractors, vendors and volunteers.

17. **Insurance.** Independent Evaluator, at its own expense, shall procure and maintain insurance covering all operations under this Agreement, whether performed by Independent Evaluator or by subcontractors. All insurers shall be licensed by the State of Illinois and rated A-VII or better by A.M. Best or a comparable rating service. Independent Evaluator shall submit to the Board satisfactory evidence of insurance coverage and upon request, shall promptly provide a certified copy of any applicable policy of insurance. Minimum insurance requirements include the coverage set forth below and any additional coverage which may be specified by the Board:

A. **Workers' Compensation and Employers' Liability Insurance.** Workers' Compensation Insurance affording workers' compensation benefits for all employees as required by law and Employers' Liability Insurance covering all employees who are to provide Services under this Agreement with limits of not less than Five Hundred Thousand Dollars (\$500,000.00) per occurrence. The workers' compensation policy must contain a waiver of subrogation clause.

B. **Commercial General Liability Insurance (Primary and Umbrella).** Commercial General Liability Insurance or equivalent with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate for bodily injury, personal injury and property damage liability. Coverage shall include, but not be limited to: all operations, contractual liability, independent contractors, products/completed operations (for a minimum of two (2) years following completion), and defense.

C. **Automobile Liability Insurance.** Automobile Liability Insurance when any motor vehicle (whether owned, non-owned or hired) is used in connection with Services to be performed, with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage.

D. **Umbrella/Excess Liability Insurance.** Umbrella or Excess Liability Insurance with limits not less than Two Million Dollars (\$2,000,000.00) per occurrence, which will

provide additional limits for employers' general and automobile liability insurance and shall cover the Board and its employees, subject to that of the primary coverage.

E. **Cyber and Privacy & Securities Liability:** If any Board Confidential Information is kept on stored electronically for any period of time by Independent Evaluator, Independent Evaluator shall carry coverage for damages arising from a failure of computer security, or wrongful release of private information including expenses for notification as required by local, state or federal guidelines. Limit of liability should be at least Two Million and 00/100 Dollars (\$2,000,000.00) per claim and Two Million and 00/100 Dollars (\$2,000,000.00) in the aggregate. Any retroactive date or prior acts exclusion must predate both the date of this Agreement and any earlier commencement of any services. If coverage is on a "claims made basis", a two (2) to five (5) year extended reporting provision must be included. Cyber liability coverage may be included in the technology errors and omissions.

F. **Additional Insured.** Independent Evaluator shall have its General and Automobile Liability Insurance policies endorsed to provide that "the Board of Education of the City of Chicago, a body politic and corporate, and its members, employees and agents, and any other entity as may be designated by the Board are named as additional insured on a primary basis without recourse or right of contribution from the Board".

The insurance company, or its representative, shall submit an insurance certificate evidencing all coverage as required hereunder and indicating the Additional Insured status as required above. The Board will not pay Independent Evaluator for any Services if satisfactory proof of insurance is not provided by Independent Evaluator prior to the performance of any Services. The Certificate must provide thirty (30) days prior written notice of material change, cancellation, or non-renewal be given to:

Risk Management
Board of Education of the City of Chicago
42 West Madison, 2nd Floor
Chicago, Illinois 60602

Any failure of the Board to demand or receive proof of insurance coverage shall not constitute a waiver of Independent Evaluator's obligation to obtain the required insurance. The receipt of any certificate does not constitute agreement by the Board that the insurance requirements in this Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. Independent Evaluator's failure to carry or document required insurance shall constitute a breach of the Independent Evaluator's Agreement with the Board. In the event Independent Evaluator fails to fulfill the insurance requirements of this Agreement, the Board reserves the right to stop the Services until proper evidence of insurance is provided, or this Agreement may be terminated.

Any deductibles or self-insured retentions on referenced insurance coverage must be borne by Independent Evaluator. Any insurance or self-insurance programs maintained

by the Board of Education do not contribute with insurance provided by the Independent Evaluator under this Agreement.

All subcontractors are subject to the same insurance requirements of Independent Evaluator unless otherwise specified in this Agreement. The Independent Evaluator shall require any subcontractors under this Agreement to maintain comparable insurance naming the Independent Evaluator, the Board inclusive of its members, employees and agents, and any other entity designated by the Board, as Additional Insureds. The Independent Evaluator will maintain a file of subcontractor's insurance certificates evidencing compliance with these requirements.

The coverages and limits furnished by Independent Evaluator in no way limit the Independent Evaluator's liabilities and responsibilities specified within this Agreement or by law. The required insurance is not limited by any limitations expressed in the indemnification language in this Agreement, if any, or any limitation that might be placed on the indemnity in this Agreement given as a matter of law.

The Independent Evaluator agrees that insurers waive their rights of subrogation against the Board.

Independent Evaluator must register with the insurance certificate monitoring company designated by the Board stated below, and must maintain a current insurance certificate on file during the entire time of providing services to the Board. Independent Evaluator must register and pay the initial annual monitoring fee to the insurance certificate monitoring company prior to performing services for the Board. The **initial** annual monitoring fee is currently Twelve 00/100 Dollars (\$12.00) per year, but is subject to change.

Each year, Independent Evaluator will be notified 30 to 45 days prior to the expiration date of their required insurance coverage (highlighted on their latest submitted insurance certificate on file) that they must submit an updated insurance certificate with the insurance certificate monitoring company. Insurance certificate submissions and related annual fees are required to be made online at the dedicated website established by the certificate monitoring company identified below. Questions on submissions and payment options should be directed to the certificate monitoring company.

Certificate Monitoring Company:

Topiary Communications Inc.
676 N. LaSalle - Suite 230
Chicago, IL 60654
Phone - (312) 494-5709
Email - dans@topiarycomm.net

Website for online registration, insurance certificate submissions and annual fee payments: URL - <http://www.cpsvendorcert.com>

18. **Injunctive Relief.** In the event of a breach or threat of a breach of this Agreement, the Independent Evaluator acknowledges and agrees that the Board will suffer irreparable injury not compensable by money damages and may not have an adequate remedy at law. Accordingly, the Independent Evaluator agrees that the Board shall be entitled to seek immediate injunctive relief to prevent or curtail any such breach, threatened or actual. The foregoing shall be in addition and without prejudice to such rights that the Board may have in equity, by law or statute for a breach or threatened breach of this Agreement.

19. **Governing Law.** This Agreement shall be governed as to performance and interpretation in accordance with the internal laws of the State of Illinois, without reference to its conflict of laws principles. The Independent Evaluator irrevocably submits itself to the original jurisdiction of those courts located in The County of Cook, State of Illinois, with regard to any controversy arising out, or relating to, or in any way concerning the execution or performance of this Agreement. The Independent Evaluator agrees that service of process on it may be made, at the option of the Board, by either registered or certified mail addressed to the office identified in Section 12 below, by registered or certified mail addressed to the office actually maintained by the Independent Evaluator, or by personal delivery on any officer, director, or managing or general agent of the Independent Evaluator. If any action is brought by the Independent Evaluator against the Board concerning this Agreement, the action shall only be brought in those courts located within The County of Cook, State of Illinois.

20. **Notices.** All notices required under this Agreement shall be in writing and sent to the addresses and persons set forth below, or to such other addresses as may be designated by a party in a notice given in accordance with this Section 20. All notices shall be deemed received when (i) delivered personally with written evidence of receipt, or (ii) sent by confirmed facsimile (followed by the actual document), or (iii) one day after deposit with a commercial express courier specifying next day delivery, with written verification of receipt. Refusal to accept delivery has the same effect as receipt.

IF TO THE BOARD:

Chicago Public Schools
Office of Early Childhood Education Chief Officer
Early Childhood Chief Officer
42 West Madison Street, Garden Level
Chicago, Illinois 60602
Attn: Elizabeth Mascitti-Miller, Ed.D
Fax: 773-553-1030
Email: emascitti-miller@cps.edu

Copy to:

General Counsel
1N. Dearborn, 9th Floor
Chicago, Illinois 60602
Fax: 773-553-1704
Email: jlbebley@cps.edu

IF TO: SRI International
333 Ravenswood Avenue
Menlo Park, California 94025
Attn:

with a copy to:

Copy to: [Insert Address]

21. **Audit and Records Retention.** Independent Evaluator shall permit and cooperate in good faith in any audits by the Board, including its Department of Procurement and Contracts, or its agents for compliance by the Independent Evaluator with this Agreement. Independent Evaluator shall furnish the Board with such information, supporting documentation and reports as may be requested relative to the progress, execution and costs of the Services and compliance with applicable MBE/WBE requirements. Failure of the Independent Evaluator to comply in full and cooperate with the requests of the Board or its agents shall give the Board, in addition to all other rights and remedies hereunder, the right to charge the Independent Evaluator for the cost of such audit.

Independent Evaluator shall retain all records relating to Independent Evaluator's Services under this Agreement for five (5) years after the termination or expiration of this Agreement and such records shall be subject to inspection and audit by the Board. If any audit, litigation or other action involving the records is being conducted or has not been resolved, all applicable records must be retained until the proceeding is closed. As used in this clause "records" includes correspondence (including emails), receipts, vouchers, memoranda and other data, regardless of type and regardless of whether such items are in written form, electronic, digital, or in any other form. Independent Evaluator shall require all of its subcontractors to maintain the above-described records and allow the Board the same right to inspect and audit said records as set forth herein.

22. **Conflict of Interest.** This Agreement is not legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3, which restricts the employment of, or the letting of contracts to, former Board members within a one-year period following expiration or other termination of their office.

23. **Indebtedness.** The Independent Evaluator agrees to comply with the Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, which policy is hereby incorporated by reference into and made a part of this Agreement as fully set forth herein.

24. **Ethics.** No officer, agent or employee of the Board is or shall be employed by the Independent Evaluator or has or shall have a financial interest, directly, or indirectly, in this Agreement or the compensation to be paid hereunder except as may be permitted in writing by the Board's Ethics Policy adopted May 25, 2011 (11-0525-PO2), as amended from time to time, which policy is hereby incorporated by reference into and made a part of this Agreement as fully set forth herein.

25. **Inspector General.** Each party to this Agreement hereby acknowledges that in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Board of Education of the City of Chicago has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

26. **Waiver.** No delay or omission by the Board to exercise any right hereunder shall be construed as a waiver of any such right and the Board reserves the right to exercise any such right from time to time as often and as may be deemed expedient.

27. **Assignment.** This Agreement shall be binding on the parties and their respective successors and assigns, provided however, that the Independent Evaluator may not assign this Agreement or any obligations imposed hereunder without the prior written consent of the Board.

28. **Severability.** The provisions of this Agreement are severable and the unenforceability of any provision of this Agreement shall not affect the enforceability of any other provisions hereof.

29. **Authorization.** In the event Independent Evaluator is an entity other than a sole proprietorship, Independent Evaluator represents that it has taken all action necessary for the approval and execution of this Agreement, and execution by the person signing on behalf of Independent Evaluator is duly authorized by Independent Evaluator and has been made with complete and full authority to commit Independent Evaluator to all terms and conditions of this Agreement which shall constitute valid, binding obligations of Independent Evaluator.


30. **Entire Agreement.** This Agreement, including any referenced documents or exhibits, constitutes the entire agreement of the parties with respect to the matters contained herein. No modification of or amendment to this Agreement shall be effective unless such modification or amendment is in writing and signed by both parties hereto. Any prior agreements or representations, either written or oral, relating to the subject matter of this Agreement are of no force or effect.


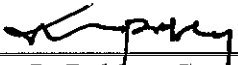
31. **Counterparts and Facsimiles.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one instrument. A signature delivered by facsimile or electronic means shall be considered binding for both parties.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**BOARD OF EDUCATION OF THE
CITY OF CHICAGO**

By: 
Name: Ginger Ostro
Title: Chief Financial Officer

Approved as to legal form 

James L. Bebley, General Counsel

SRI INTERNATIONAL

By: _____
Name: _____
Title: _____

**EXHIBIT A
JOINDER**

_____ hereby agrees to comply with the confidentiality obligations with respect to the treatment, transmission, and storing of all Confidential Information and Highly Confidential Information, and all other obligations imposed on it pursuant the Information Sharing Agreement entered into by and between the Board of Education of the City of Chicago and SRI International dated as of December ____, 2014.

By: _____

Title: _____

Dated: _____

EXHIBIT B
EVALUATION PLAN

Chicago Child-Parent Center Social Impact Bond
Evaluation Plan

October 5th 2014

Table of Contents

- I. INTRODUCTION AND STUDY OBJECTIVES
- II. STUDY POPULATION
 - a. Eligible population – Treatment group
 - i. Year 1 contingency for CPC Treatment Group
 - b. Eligible population – No Pre-K Comparison group
 - c. Eligible population – Other CPS Pre-K Comparison group
 - d. Exclusions
- III. RECRUITMENT PROCEDURES
 - a. CPS Pre-K recruitment process
- IV. INTERVENTION AND OUTCOMES
 - a. Defining the intervention
 - b. Defining compliance with the treatment
 - c. Defining Primary Impact Outcomes
 - i. Special Education Utilization outcome metric
 - ii. Kindergarten Readiness outcome metric
 - iii. Third Grade Literacy outcome outcomes
 - d. Defining Performance Improvement Questions
 - i. Attendance
 - ii. Dosage
 - iii. Social/Emotional learning
 - iv. Transition to Kindergarten
 - v. Subgroup analyses
- V. DATA COLLECTION
 - a. Student data
 - b. Neighborhood data
 - c. School data
 - d. Data security
- VI. STUDY DESIGN & OVERVIEW OF ANALYSIS

- a. Propensity score matching protocol
- b. Checking for covariate balance between groups
- c. Matching methodology remedies
- d. Calculating mobility
- e. Calculating effect size for Special Education utilization
 - i. Calculating payments for Special Education utilization
- f. Calculating effect size for Kindergarten Readiness
- g. Calculating effect size for Third Grade literacy
- h. Investigating highly unexpected outcomes

VII. APPENDICES

INTRODUCTION AND STUDY OBJECTIVES

The purpose of this document is to describe the methodology to be used to evaluate the impact of the Child Parent Center (CPC) Social Impact Bond (SIB) expansion on three primary impact outcomes: Special Education Utilization, Kindergarten Readiness, and Third Grade Literacy. This document also describes additional research questions that the Evaluator will seek to explore in collaboration with CPS to help the CPCs improve their performance. This methodology will be developed in conjunction with CPS and other experts in the early education field.

Participants in the CPC program (the Treatment Group) will be compared to groups of matched comparison students who did not have a CPC experience through the use of a propensity score matching algorithm. One comparison group will consist of children who did not attend any form of CPS Pre-K (No Pre-K comparison group). Another group will consist of children who attended some other type of CPS pre-K program, such as Head Start or Pre-School for All (Other Pre-K comparison group).

Payments based on Special Education utilization for the SIB project will be calculated using the difference in outcomes between the Treatment group and the No Pre-K comparison group.

Payments based on Kindergarten Readiness and Third Grade literacy will be calculated using outcomes of the treatment group relative to national standards

The Other CPS Pre-K comparison group will be used for sensitivity analyses and for addressing other research questions not related to payment triggers.

For the purposes of calculating payments owed as part of the SIB transaction, impacts will be estimated using the total population of eligible students at SIB CPC sites, and then scaled to reflect the actual number of seats funded by the Lenders. We will adjust the scaling factors annually to reflect observed mobility trends.

The primary impact outcome questions are as follows:

1. What is the impact of the CPC program on the rate at which students need an IEP?
2. What is the impact of the CPC program on Kindergarten Readiness as defined by performance on the TS Gold instrument (completed by teachers at the end of preschool)?
3. What is the impact of the CPC program on Third Grade literacy as defined by performance on the CPS 3rd grade assessment?

In addition to these impact outcome questions, this evaluation will also seek to answer qualitative research questions that will help improve the performance of the program going forward unrelated to the Pay for Success calculations. These research questions will be developed more fully in conjunction with CPS and other experts in the early education field, and will only be pursued subject to additional external funding. The questions may include:

1. How do the primary impact outcomes vary by key subgroups, including gender, race, prior pre-school attendance, English language learner status, and potentially other subgroups?
2. How is the CPC program impacting attendance in Pre-K? How does attendance vary by site? How does attendance vary compare to other CPS Pre-K programs? Are there policies in place at specific sites that could be driving improved attendance?
3. How does the CPC program support a transition to Kindergarten? What sites are better at retaining children from Pre-K to K, both within their host school and within the entire district? Where do children who transfer within CPS go and why? Are there different impact outcomes for students who have less mobility?
4. How successful is the CPC program at improving social-emotional learning outcomes (defined by the social-emotional components of the TS Gold instrument) compared to children enrolled in other CPS pre-K programs?
5. How successful is the CPC model at engaging parents? What strategies are the most effective at encouraging parental engagement? What strategies appear to have the greatest impact on children's outcomes?

This document will serve as a template for how the evaluation will be conducted. The Evaluator will draft a final Evaluation Plan to be approved by CPS, the City, the Project Coordinator with Approval of the Lender Committee (such term being defined herein as such term is defined in the Loan Documents of the Lenders) using this document as a framework. No changes to payment terms or payment terminology will be made.

STUDY POPULATION

Eligible Population – Treatment Group

The Treatment Group in this study will consist of four-year-olds¹ who are attending Pre-K at any of the CPC SIB sites, in full day or half day programs, who at any point during the school year are eligible for the National School Lunch Program (NSLP).

¹ The intention is to identify children in the “age cycle four” year – the year prior to when they are planning to attend Kindergarten. At the time of the drafting of this document, this was defined by CPS as attaining age four on or before September 1st. This age identification protocol may be adapted as necessary to capture these children.

In the first year of the program, the following sites will be considered CPC SIB sites:

- De Diego
- Melody
- Peck
- Thomas
- Wadsworth
- Hanson Park

In the second year of the program, two additional sites, identified by CPS and approved by the City, will be added to the list of CPC SIB sites in addition to the sites listed above. If SIB funding in future years is used to add classrooms at additional schools as part of this project, those schools can be considered CPC SIB sites as well. If SIB funding is removed from one of the above sites, that site will no longer be considered a CPC SIB site.

A child may enter the program based on CPS age eligibility criteria. For the 2014/15 school year, this entailed being age 4 as of September 1st.

All four-year-olds at CPC SIB sites, including children attending full-day classes, will be included in the treatment group, subject to the exclusions listed below.

In the first year of the program, we anticipate that 374 new slots for four-year-olds will be created through the SIB program. In the second year of the program, we anticipate that we will create an additional 408 new slots for four-year-olds in addition to maintaining funding for the original 374. In the third year of the program, we anticipate that we will maintain the 782 new slots that were created in years one and two. In the fourth year of the project, we expect to provide funding for at least 680 slots. Overall at CPC SIB sites, we anticipate that approximately 840 four-year-olds will be served per year once the program is operating at scale, with 782 of those positions funded by the SIB. The new slot amounts will be finalized prior to the launch of each new cohort.

Year 1 contingency for CPC Treatment Group

Due to the timing of the contracting, some of the new classrooms to be added in the 2014/15 school year will not be ready to serve children until the school year has already begun. Five of the Year 1 CPC SIB Sites where we will be adding additional classrooms (De Diego, Melody, Peck, Thomas, and Wadsworth) have been operating as a CPC for a year or more. As a result, they have an established leadership team, trained and experienced teachers, and fully outfitted classrooms.

To ensure that the children being tracked are receiving a sufficient dosage of the CPC program, for Year 1 only we will restrict the Treatment group eligibility to children who are enrolled in one of these five established CPC SIB sites, in a classroom that was already established as of September 2nd 2014 (the start of the 2014/15 school year). CPS will proceed with opening the new classrooms once all contractual issues have been resolved, but the children who are enrolled in those classrooms (including children at Hanson Park, the new CPC for Year 1) will not be included in the outcome calculations for the purposes of determining payments. This will allow CPS leeway to identify and train high quality teachers, and mitigate the risk that the outcomes (or underlying characteristics) of children who enroll in a CPC Pre-K after the start of the year are different from those of their peers who enrolled at the start of the year. The outcomes of these late-enrollees can be used as a unique sub-group, but will not factor into any calculations that determine payment amounts.

It is anticipated that the sample size of eligible four-year-olds in existing classrooms at existing CPC SIB sites will be at least 300 students. As with future analyses, when calculating payments this number will be scaled to reflect the actual number of slots funded by the Lenders as part of this initiative.

Eligible Population – No Pre-K Comparison Group

The No Pre-K Comparison Group in this study will be identified via a propensity score matching algorithm that pulls from a pool of eligible No Pre-K children districtwide. The pool of eligible No Pre-K children will include all children who meet the following criteria:

- Are enrolled in a CPS Kindergarten program, excluding:
 - Charter schools
 - Schools currently operating a CPC, as part of the SIB program or otherwise
 - Magnet and Selective Enrollment Schools
 - Schools that serve exclusively a special education population
- Are five years of age as of September 1st
- Did not attend a CPS Pre-K program in the school year prior to beginning Kindergarten
- Did not attend a Head Start program funded through the City of Chicago
- Are eligible for NSLP at any point during the school year

A child will be considered to have attended a Pre-K program if that child attended 10 days or more of a city funded pre-school program, or any days at any CPC site over the course of the school year. Days need not have been attended consecutively.

The No Pre-K Comparison group will be identified the year that their matched Treatment cohort begins Kindergarten to ensure that children within both groups are on the same age cycle.

Eligible Population – Other CPS Pre-K Comparison Group

The Other CPS Pre-K Comparison Group in this study will be identified via a propensity score matching algorithm that pulls from a pool of eligible children who attended other forms of CPS pre-K within the district. The pool of eligible Other CPS Pre-K children will include children who meet the following criteria:

- Are enrolled in a CPS Pre-K program, excluding:
 - Charter schools
 - Schools currently operating a CPC, as part of the SIB program or otherwise
 - Magnet and Selective Enrollment Schools
 - Schools that serve exclusively a special education population
- Are four years of age as of September 1st.
- Are eligible for NSLP at any point during the school year

The Other CPS Pre-K Comparison group will be identified the same year that their matched Treatment cohort begins pre-school to ensure that children within both groups are on the same age cycle. This group will only be identified subject to available external funding

Exclusions for payment calculations

The hypothesis is that the CPC program will have the biggest impact on children who are deemed at risk for poor school performance and achievement, but who lack a severe or significant disability. Without additional support, many of these children may end up being diagnosed with a mild learning disability, emotional disturbance, or developmental delay (including speech/language impairment). For these children, additional support in the classroom and at home can help ensure that they stay on track developmentally with their peers, avoiding the need for years of special education services.

The same impact is not expected for children with severe disabilities (identified in preschool or at a later date), and it is also not expected that a preschool intervention would meet the needs of the child without the benefit special education services, nor would that be appropriate or within the parameters of a child's right to a free and appropriate education. To ensure that children have access to the supports they need based on a clinical evaluation, if a child at any point during the course of the study is diagnosed with a severe disability, he or she will be removed from the study group during the year that the disability is added to the child's IEP onward. The preliminary list of severe disabilities, with input from the Independent Evaluator, may be as follows:

- autism
- deaf-blindness
- deafness
- hearing impairment

- orthopedic impairment
- other health impairment
- traumatic brain injury
- visual impairment
- multiply disabled²
- intellectual disability
- students placed into self-contained classrooms for children with special needs

This list may be adapted at the discretion of the Evaluator with approval from CPS, the City, the Project Coordinator, and the Approval of the Lender Committee.

RECRUITMENT PROCEDURES

Children are identified for enrollment under the *Chicago: Ready to Learn!* application process. A timeline of application, placement, registration, and enrollment of children for the 2014/15 school year is provided below; this will also serve as an illustrative plan for how the process will occur in future years:

	Action	Description
April and June 2014	<i>Chicago: Ready to Learn!</i> Application Rounds 1 & 2	Parents obtain information about potential programs through chicagoearlylearning.org , cps.edu/readytolearn and the Chicago: Ready to Learn! hotline. Parents apply at application centers across the city for preschool under two application rounds. ³ The first round is held during the month of March - April and the second round is held during the month of May-June. Parents can choose up to three schools.
May and July/August 2014	Placement	Parents are offered a placement in a school and/or are placed on a waiting list. Children placed in a preschool

² Intended to represent students with multiple severe disabilities

³ For a complete list of application centers, see http://cps.edu/Schools/EarlyChildhood/Documents/ApplicationSites_SY14_15.pdf or <http://cps.edu/readytolearn>. Every CPC also is capable of accepting applications directly.

		program or on a waiting list are put into schools' Program Management in the CPS SIM IMPACT system.
June through September 2014	Registration	<p>Parents accept or decline placement. Schools notify parents of registration dates and times.</p> <p>Schools indicate parents' acceptance or decline of placement in Program Management and move registered children into the classroom Homerooms for IMPACT.</p> <p>Teachers complete the registration packet with families for all new students.</p> <p>Clerks enter identifying additional information into the IMPACT system.</p>
September 2014	Enrollment	Children are enrolled upon attendance on the first day of school.
September 2014 onward	Rolling enrollment	<p>Schools continue to enroll students throughout the school year as slots open up due to attrition, new funding, etc. Staff conduct additional outreach in communities with lower than expected enrollment to help fill all the slots. This includes additional ad spots, flyers, and community events. These children will only be included for evaluation purposes if they meet the dosage and eligibility requirements outlined in this document.</p>

INTERVENTION AND OUTCOMES

Defining the Intervention

The CPC SIB intervention will provide one year of half-day CPC Pre-K to four-year-olds at CPC SIB sites. The key components of the CPC model are as follows:

Effective Learning Experiences

- Offer Pre-K classes that are limited to 34 children for half-day classrooms (two sessions of 17 children each) and have a minimum of 2 teaching staff. Full day classrooms, if available, will be limited to 20 children per session.
- Provide highly qualified educational staff that will provide the classroom instruction and parent engagement activities. For example, classroom teachers are certified with a bachelor's degree (or higher). Overall, program staff must adhere to the requirements set forth by the CPS Talent office, in accordance with collective bargaining unit agreements, and state regulations. Any changes in CPS education and certification requirements will be complied with.
- Use data to drive instruction by effectively documenting the organization and implementation of instructional practices to monitor quality and adherence to the Program, which is completed by all Program staff where appropriate.
- Program staff meet with parents over the course of each school year to review their child's progress and discuss parent program opportunities with the Parent Resource Teacher (PRT).

Aligned Curriculum

- Implement a CPS District curriculum and formative assessment that is aligned to standards, domains of learning, assessments, and learning activities.
- Collaborate with the PRT and classroom teachers to ensure that opportunities to engage families in student learning are available, appropriate and aligned to the program and parents' needs.
- CPS and, most specifically, the Office of Early Childhood Education provides meaningful professional development and ongoing coaching and feedback for teachers, aides, and other staff members that facilitates high-quality instructional practices.

Parent Involvement and Engagement

- Engage a PRT and School-Community Representative (SCR) to work closely with the Head Teacher and Liaisons to maintain a consistently supportive parent program.
- Encourage parents to sign a CPC school-home agreement at the start of the school year outlining a plan for fostering learning at home and participating in CPC activities.
- Offer and engage families in monthly activities. PRTs create and distribute a monthly parent involvement calendar, and conduct parent/teacher conferences over the year to review progress in the parent program.
- Provide a resource room dedicated to parent and family activities through Kindergarten when possible.

- Provide culturally responsive learning opportunities for families that provide flexibility for families' needs and schedules.

Collaborative Leadership Team

- Engage a Program leadership team that includes the Head Teacher, Parent Resource Teacher, and School-Community Representative.
- Meet regularly, under the direction of the Principal to discuss operations and best practices within the CPC.
- Meet regularly, under the direction of the OECE Management Team, with staff from across sites to share challenges, experiences, and best practices and makes frequent on-site visits to monitor quality and effectiveness to the Program.
- Establish meaningful partnerships with community providers to strengthen service delivery and enlist local universities in training opportunities.

Continuity and Stability

- CPC Pre-K classrooms are co-located in the same building as Kindergarten classrooms, when possible, to promote familiarity and integration for students as they transition to Kindergarten.
- Provide a structure of communication, planning, and joint activities, under the direction of the principal, Leadership team and OECE Management Team, from Pre-K through the primary grades.
Provide a part-time Kindergarten aide when funding is available to support the transition into Kindergarten.

Professional Development System

- Offer ongoing professional development opportunities on current trends and needs in early childhood education classrooms, through the Office of Early Childhood Education and the CPC leadership teams, including topics such as quality curriculum and instruction, data driven instruction, learning environment, social and emotional needs, and parent engagement.
- Meet regularly and create professional learning communities to review ways to support their instruction in the classroom and with other teachers.

Defining Sufficient Dosage

Enrollment and attendance fluctuate throughout the year, with substantial changes during the early weeks of the school year. As a result, some of the children who start the year in a given classroom may not be the same children who end the year in that classroom. This may be due to for a variety of reasons such as mobility, a change in parents' schedules/ability to bring their

children to school, or admission to a closer/more desirable program off of a waitlist later in the school year.

To ensure that CPC SIB children and families are receiving a minimum sufficient dosage of the CPC program, we will restrict analyses to children who attend a certain minimum cutoff of days. The Evaluator will examine historical data from CPS and other districts to determine trends in attendance and identify a cutoff that sufficiently indicates that a child has received enough of the program for us to expect to see an impact. We are temporarily placing this cutoff at 66% of school days in a given school year; children who attended fewer than 66% of days during their Pre-K year will be omitted from the primary analyses.

The Evaluator may add additional criteria based on an analysis of enrollment and attendance data with the approval of CPS, the City, and the Project Coordinator and Approval of the Lender Committee.

Similarly, for the No Pre-K Comparison group, we will limit the primary analysis sample to eligible No Pre-K children who attend at least 66% of school days in a given school year. If a child at any point during the Kindergarten year attends a school operating a CPC program, that child will be omitted from primary analyses.

Defining Primary Impact Outcomes

Special Education Utilization

The primary Special Education utilization outcome will be defined as a binary indicator of whether or not a student has a CPS-issued Individualized Education Plan (IEP) in a given year. This will be a data point provided as part of the regular data collection points by CPS. As described above, if a student has a diagnosis on his or her IEP of a severe disability, that student will be removed from the study pool for the primary analyses. This indicator will be collected annually every year Kindergarten through 6th grade.

Kindergarten Readiness

CPS uses the Teaching Strategies Gold (TS Gold) instrument in all their Pre-K classrooms to track the development of children. Based on teacher observations, TS Gold measures the progress of children in domains such as socio-emotional, physical, language, literacy, and cognitive development.

The TS Gold instrument is utilized nationally in Head Start programs and some publicly-funded preschool programs. The primary outcome metric for Kindergarten Readiness will be the share of children which are performing at or above the national trends across at least five out of the following six domains: Literacy, Language, Math, Cognitive Development, Socio-Emotional, Physical health.

Third Grade Literacy

Currently, CPS is planning to adopt the PARCC standardized exam. Treatment group children will be measured relative to national percentile rankings on this test or the accepted District assessment administered for 3rd grade. In following with Lesnick et al (2010)⁴, every child reading at or above the 25th percentile on the English Language Arts/Literacy portion of the spring sitting of the PARCC test will be deemed to be reading at grade level. Any child reading at or above the 75th percentile nationally will be deemed to be reading above grade level. Any child reading below the 25th percentile will be deemed to be reading below grade level.

At the time of drafting this analysis, the PARCC test has yet to be officially implemented in CPS schools. Given the uncertainty of performance on this test and how its outcomes will compare to past tests taken by CPS students, the evaluator may suggest amendments to the definition of reading “on grade level” that could include utilizing a different test or metric. Any modifications must be made prior to the first cohort starting Third Grade, and must be approved by CPS, the City, the Project Coordinator, and Approved by the Lender Committee.

Defining Performance Improvement Questions

The details of these questions will be developed in conjunction with CPS and other partners over the 2014/15 school year. These analyses will be specified in full prior to the start of any data collection or analyses. These analyses will not affect the methodology or results of the primary impact outcomes, and will only be pursued subject to additional philanthropic or other funding.

DATA COLLECTION

Student data

Student data will be provided to the Evaluator by CPS. Pursuant to the data sharing agreement⁵, CPS will strip sensitive individual identifiers and replace them with an anonymous student ID. The key variables CPS will provide are:

- Student ID
- CPS School ID of school currently enrolled in
- Date of Birth (or birth month & year)
- Days attended to date
- IEP status
- IEP diagnoses
- Reported race
- Reported ethnicity
- Free/reduced price lunch eligibility

⁴ See http://www.chapinhall.org/sites/default/files/Reading_on_Grade_Level_111710.pdf

⁵ This data sharing agreement will be included as an appendix to this plan pending negotiation and drafting between CPS and the Evaluator.

- ZIP code of residence
- Fall and Spring TS Gold scores (if applicable)
- Any available variables on parental education
- Other variables deemed appropriate by the Evaluator and CPS for the purposes of creating a better propensity score match

Data will be collected on an annual basis on the based on the last school day in June which is reported for accuracy in the beginning of July. This may be adjusted based on discussions between the Evaluator and CPS to reflect the earliest date that all the necessary data would be available.

Neighborhood data

The Evaluator will pull neighborhood data from publicly available census data, such as the American Community Survey 5-year averages, which break out characteristics by zip code.

Neighborhood data include:

- Neighborhood % of population in poverty
- Neighborhood % of population that are single mothers
- Neighborhood % of population that is Black
- Neighborhood % of population that is Hispanic
- Neighborhood % of population employed
- Neighborhood crime statistics
- Neighborhood health indicators⁶

The Evaluator will update the neighborhood data file when creating a new cohort of matched groups.

School data

Data on school level characteristics will be provided by CPS, including:

- CPS School ID
- Total student body population
- % Free/RP lunch
- % Black
- % Hispanic
- School-wide attendance rate from the 2013/14 school year
- School Rating (Levels 1, 2, or 3) from the 2013/14 school year⁷

These data, except for attendance and the school rating, will be updated annually. Attendance and rating data from SY2013/14 (or the closest assessment prior to SY2013/14) will remain fixed

⁶ Crime stats and health indicators subject to availability of data. It may be possible to pull data from a Chapin Hall neighborhood analysis. These covariates may be omitted if it proves too difficult or costly to obtain them.

⁷ All these data are publicly available online at http://www.cps.edu/schools/find_a_school/pages/findaschool.aspx. School rating is based on the CPS Performance Policy which is used to rate CPS schools. A Level 1 rating is “excellent”, a Level 2 rating is “good” and a Level 3 rating is “low”.

to reflect the fact that the presence of a CPC may improve attendance and the school rating over time, which could affect the matching algorithm for later cohorts. The Evaluator may adjust this protocol if extraneous events such as school closures, new leadership, or expansive new programs are added at individual schools or system wide that could contribute to imbalanced matches.

Data Security

A data sharing agreement between CPS and the Independent Evaluator will define the parameters for sharing data required under this agreement.

STUDY DESIGN & OVERVIEW OF ANALYSES

Propensity score Matching Protocol

Comparison group students will be selected using a propensity score matching technique. Individuals from the treatment group will be matched to up to two individuals from the No Pre-K Comparison group and up to two individuals from the Other CPS Pre-K Comparison group. Matching will be conducted with replacement to allow comparison individuals to be matched more than once.

To create the Treatment Group in school year t , the Evaluator will receive the data collected on the last day of June of school year t from CPS of all four-year-olds who attended a SIB CPC in school year t up to the date of the data collection. The data collected and shared will contain all the student data elements listed above. After screening for eligibility as described above and removing ineligible students from the sample, the Evaluator will use students' ZIP codes to merge on neighborhood data, and students' school IDs to merge on school characteristics. Neighborhood data will be collected from a reliable source such as Chapin Hall. This will create a de-identified student-level file that contains student-level characteristics, characteristics of that student's neighborhood of residence, and characteristics of that student's school.

To create the No CPS Pre-K pool to be used for matching to the Treatment cohort in school year t , the Evaluator will receive a data dump on the last day of June of school year $t+1$ from CPS of all five or six-year-olds who attended a CPS Kindergarten in school year $t+1$ up to the date of the data dump. The data dump will contain all the student data elements listed above. After screening for eligibility as described above and removing ineligible students from the sample, the Evaluator will use ZIP code data to merge on neighborhood data, and school ID data to merge on school characteristics.

To create the Other CPS Pre-K pool to be used for matching to the Treatment cohort in school year t , the Evaluator will receive a data dump on the last day of June of school year t from CPS of all four-year olds who attended a CPS Pre-K program other than CPC in school year t up to the date of the data dump. The data dump will contain all the student data elements listed above. After screening for eligibility as described above and removing ineligible students from the sample, the Evaluator will use ZIP code data to merge on neighborhood data, and school ID data to merge on school characteristics.

To create the matched No Pre-K Comparison group, the Evaluator will append the Treatment Group dataset and the No Pre-K Comparison pool dataset, creating an indicator to identify which children are members of the Treatment group. The Evaluator will then run a probit model using the treatment indicator as the dependent variable and the following variables as independent variables:

- Race binary indicators
- Ethnicity binary indicators
- Gender (“Male” binary indicator)
- Parental education (subject to availability)
- Language spoken at home binaries
- Neighborhood % poverty
- Neighborhood % single mothers
- Neighborhood % by race
- Neighborhood % by ethnicity
- Neighborhood % employed
- Neighborhood crime rates (subject to availability)
- Neighborhood health indicators (subject to availability)
- Total student population of school currently attending
- % Free/RP lunch at school currently attending
- Racial composition of school currently attending
- Ethnicity composition of school currently attending
- School-wide attendance rate from the 2013/14 school year
- School Rating binaries from the 2013/14 school year

Using the results of this model, the Evaluator will predict a propensity score based on a student’s observed characteristics. This score effectively represents the likelihood that a child, given his individual, neighborhood, and school level characteristics, would be in the Treatment group.

The Evaluator will use a nearest-neighbor matching algorithm⁸ to identify the two closest matches based on propensity score for each Treatment group observation, with replacement.

Individuals from either the Treatment group or Comparison pool who are not matched will be dropped.

The remaining students from the Comparison pool who were matched will become the No Pre-K Comparison group for the remainder of the study. Comparison group students will receive a frequency weight equal to the number of times they were matched. Note that as a result, the Comparison group should contain approximately two times as many unique individuals as the Treatment group.

The same protocol will be used to identify the Other CPS Pre-K Comparison group, replacing the No CPS Pre-K Comparison pool with the Other CPS Pre-K Comparison pool.

⁸ By way of example, see “nnmatch” stata command

A unique set of comparison groups will be created for each Treatment cohort (see Appendix for a cohort timing chart).

Checking for covariate balance between groups

Once the comparison groups have been identified, the Evaluator will check for balance between the groups across matching demographics. The Evaluator will choose appropriate methods to check for balance, including but not limited to normalized differences and t-tests of mean values of covariates between groups. If the Evaluator determines that there is imbalance in covariates between groups, the Evaluator may choose to pursue a Matching Methodology Remedy as described below. The decision to pursue a remedy will be at the discretion of the Evaluator, taking into account the fact that with many matching variables and a p-value cutoff of .05, approximately 1 in 20 variables could have a statistically significant difference by random chance alone. The evaluator will consider the magnitude of the difference and the relative importance of the unbalanced variable(s) in question, placing particular attention to the individual-level race and gender indicators, the home language indicators, the neighborhood poverty indicators, and the school rating indicators.

Matching Methodology Remedies

In the event that the Evaluator deems that the propensity score matching algorithm has produced an inadequate match, the Evaluator may make modifications to the matching methodology. This could include introducing a caliper to ensure that certain variables are matched to within a narrow range (or matched exactly), adding or subtracting additional covariates, increasing or decreasing the number of matches, or other techniques deemed rigorous and appropriate by the Evaluator.

The Evaluator may also explore utilizing a set of comparison schools to limit the comparison pool. In this methodology, the Evaluator would identify a set of comparison schools that match the SIB CPC sites, identifying one to three schools for each site. The Evaluator would use a similar propensity score matching protocol, using school level characteristics, to identify these schools. From those comparison schools, the Evaluator would then perform a student-level propensity score match using a comparable methodology to the one described above. The Evaluator will then check for covariate balance to see if this produces better match results.

Once the Evaluator identifies a suitable comparison group that they deem to be well-matched on covariates, the Evaluator will present the match results, describing any changes that were made to the matching algorithm, which must be approved by CPS, the City, the Project Coordinator and Approved by the Lender Committee. The Evaluator should endeavor to use a similar matching protocol from year to year.

Calculating mobility factor

The theory behind the financing component of the SIB project is that providing the upfront intervention of high quality Pre-K can produce savings to CPS downstream through reduced Special Education utilization among the students served. For CPS to realize these savings, however, those students must remain in the CPS school district. If a student leaves the district,

CPS would realize no savings from the fact that the intervention may have helped that that student catch up to his peers and prevented him from acquiring an IEP.

As a result, the Evaluator will calculate a Mobility Factor for each cohort that will represent the share of the original cohort that is still enrolled in a CPS school in a given year. This will be used to adjust the payment amounts to better reflect savings realized by CPS.

To calculate mobility, every year Kindergarten through 6th grade the Evaluator will determine what share of the original children in a given group from the first year of observation are still enrolled in any CPS school. To do this, every year the Evaluator will send CPS a list of all the student IDs of the original group. CPS will match these IDs to their current enrollment database to determine which students were enrolled in a CPS school at any point in that school year. CPS will then return a dataset to the Evaluator indicating which student IDs are enrolled in a CPS school that year. The Mobility Factor will be defined as:

$$1 - \frac{\text{\# of original students currently enrolled in any CPS school}}{\text{\# of students originally enrolled in the group}}$$

By way of example, assume 500 Treatment group students were identified for the 2014/15 cohort. In SY2015/16, the Evaluator sends a list of these student IDs to CPS, who informs the evaluator that 460 of them are still enrolled at a CPS school. The cumulative mobility for that year would be $1 - 460/500 = .08$. In SY2016/17, the Evaluator sends the original list of student IDs to CPS again, who informs the evaluator that 440 of them are still enrolled at a CPS school. The cumulative mobility for SY2016/17 would be $1 - 440/500 = .12$.

For grades 7th through 12th, the Evaluator will impute a marginal mobility rate by averaging the incremental annual increase in the Mobility Factor over the last three years.⁹ Every year, the Evaluator will impute a new Mobility Factor based on the average imputed marginal mobility rate. See Appendix B for a full example using hypothetical data.

Calculating effect size for Special Education utilization

To calculate the impact on Special Education utilization, the Evaluator will calculate the Average Effect Size per Person, which will then be scaled to reflect the number of seats funded by the Lenders for the purposes of calculating payments. This will allow the Evaluator to utilize all the data available, increasing sample sizes and precision of estimates.

To calculate this, the Evaluator will use the following equation:

$$AESP_{i,t} = SPED_{C,i,t} - SPED_{T,i,t}$$

⁹ The Evaluator may revise the methodology for averaging the mobility rate if they determine that the current methodology includes a grade breakpoint year that could result in abnormally high mobility out of the district. This methodology must be finalized before the first cohort reaches 6th grade.

where $AESP_{i,t}$ is the Average Effect Size per Person for cohort i in year t , $SPED_{C,i,t}$ is equal to the average of a binary indicator of Special Education utilization among the No CPS Pre-K Comparison group for cohort i in year t and $SPED_{T,i,t}$ is the average of a binary indicator of Special Education utilization among the Treatment group for cohort i in year t . At the discretion of the Evaluator and with approval from CPS, the City, the Project Coordinator, and the Approval of the Lender Committee, the Evaluator may regression-adjust this estimate to help account for any differences in covariates between the Treatment group and the Comparison group.

Special Education outcomes will be calculated annually every year Kindergarten through 6th grade. Outcomes will be calculated separately for each cohort. Based on conversations with special education experts and reviewing existing CPS data, we believe that the vast majority of children who have a disability will be identified by the end of 6th grade. As a result, after the 6th grade effect size has been calculated, we will average the effect size over the last three years (4th, 5th and 6th grades) and lock in that average rate for the purposes of calculating payments in grades 7th through 12th. This lock-in rate will be calculated separately for each Treatment cohort. The Evaluator may propose changes to this lock-in methodology in the event that the Evaluator determines that this methodology produces skewed results. Any modifications must be approved by CPS, the City, the Project Coordinator, and Approved by the Lender Committee.

Calculating payments for Special Education utilization

To determine the size of Special Education payments owed in a given year for a given treatment group cohort, the Evaluator will multiply the Special Education Average Effect Size per Person for such cohort by the base cohort size multiplied by the 1 minus the cumulative mobility rate for that year. This will determine the Total Number of Special Education Slots Avoided for a given cohort in a given year:

$$Total\ Number\ of\ Special\ Education\ Slots\ Avoided = AESP_{i,t} * BCS_i * (1 - MF_{i,t})$$

where $AESP_{i,t}$ is the Average Effect Size per Person for cohort i in year t , BCS_i is the base cohort size for cohort i , and $MF_{i,t}$ is the cumulative mobility rate for cohort i in year t .

The base cohort sizes are based on the number of seats actually funded by investors. It is anticipated that the base cohort sizes will be as follows¹⁰:

Cohort Year	Base Cohort Size
2014/15	374
2015/16	782
2016/17	782
2017/18	680

¹⁰ Note that actual sample sizes used for calculating effect sizes may be larger or smaller than the number of seats funded.

The Total Number of Special Education Slots Avoided will then be multiplied by the Annual Savings Rate to determine the Special Education Payments owed for a given cohort in a given year. Negative payments will be rounded to zero. The Annual Savings Rate starts at a base of \$9,100 in 2015 and grows 1% annually. The table below provides the rates through 2030:

Year	Savings Rate
2015	\$9,100
2016	\$9,191
2017	\$9,283
2018	\$9,376
2019	\$9,469
2020	\$9,564
2021	\$9,660
2022	\$9,756
2023	\$9,854
2024	\$9,953
2025	\$10,052
2026	\$10,153
2027	\$10,254
2028	\$10,357
2029	\$10,460
2030	\$10,565

If applicable, the Special Education Payments from each cohort will be summed to produce the Total Special Education Payment owed by CPS for that year. These calculations will be reported to the Project Coordinator for the purposes of triggering payments to the Project Coordinator to be used to repay the lenders.

Payments for Special Education will be made every year K – 12th for each Treatment cohort.

Calculating effect size for Kindergarten Readiness

As part of the annual data pull, the Evaluator will receive spring TS Gold scores for Treatment group students. TS Gold regularly publishes a set of averages that reflect how children have scored nationally on TS Gold assessment sub-categories, broken out by the time of the test and the age in months of the child. Students will be classified as “meeting the national norms” for a sub-category if they score at or above the national mean spring score for that category for children in their age band.¹¹ The Evaluator will use the most up to date tables available.

¹¹ See tables 5-14 of <https://www.k12.wa.us/assessment/pubdocs/GOLDTechnicalManual2ndEditionLambert2.pdf> for a list of the score thresholds.

Every child who scores at or above the national norm on at least five of the six subcategories in spring of their four-year-old pre-school year will be deemed “Kindergarten Ready.” To calculate the Kindergarten Readiness payment, the Evaluator will calculate the share of the Treatment group students deemed Kindergarten Ready. The Evaluator will then multiply this number by the base cohort size, multiplied by cumulative mobility from the Kindergarten year of a given cohort. This will determine the Total Number of Kindergarten Ready Children for a given cohort. The Evaluator will then multiply this number by the payment rate of \$2,900 to determine the total Kindergarten Readiness payments owed by the City for that cohort.

Calculating effect size for Third Grade Literacy

CPS is currently transitioning to the PARCC exam. As a result, the exact methodology for calculating Third Grade Literacy may have to be adapted pending observation of how the test is being administered, scored, etc. In particular, in the event that data suggests that fewer than 50% of students are scoring above the 25th percentile, the Evaluator will propose a new protocol or test for determining Third Grade Literacy that better captures the performance of students. The Evaluator will propose a final protocol for approval by CPS, the City, and the Project Coordinator with Approval of the Lender Committee prior to the start of the 2018/19 school year – the year the first cohort begins 3rd grade. A draft protocol is below:

As part of the annual data pull, the Evaluator will receive 3rd grade spring PARCC scores for Treatment group students. The PARCC test is administered nationally, and as a result the outcomes of Treatment students can be compared to national averages. Students will be classified as “reading at or above grade level” if they score at or above the 25th percentile on the English Language Arts/Literacy portions of the PARCC exam.

To calculate the Third Grade Literacy payment, the Evaluator will calculate the share of the Treatment group students deemed to be reading “at or above grade level”. The Evaluator will then multiply this number by the base cohort size, multiplied by cumulative mobility from the Third Grade year of a given cohort. This will determine the Total Number of Third Grade Children Reading at Grade Level for a given cohort. The Evaluator will then multiply this number by the payment rate of \$750 to determine the total Third Grade Literacy payments owed by the City for that cohort.

Investigating Highly Unexpected Outcomes

The results of this evaluation will govern the flow of millions of dollars of payments. While it is the full intention of all parties to accept the results of the evaluation, in the event that a highly irregular outcome is achieved, a mechanism must be in place to validate the findings and confirm that they are due to the impact of the program, and not a flaw in the analysis or evaluation design. The Evaluator will have complete discretion to decide if and when a validation of the findings may be necessary, but the following events will serve as guiding principles that could suggest that a validation may be warranted:

- The difference in Special Education Utilization rates between the Treatment group and No Pre-K comparison group is negative or not statistically different from zero (p-value <.05) for any cohort in any year after Kindergarten

- The No Pre-K comparison group Special Education Utilization rate is more than 2.5 times the Treatment group Special Education Utilization rate for any cohort in any year after Kindergarten
- An irregular pattern from one year to the next in Special Education utilization for a given group, defined as utilization shrinking by more than two percentage points for a given group, or increasing by more than seven percentage points
- A larger impact observed when comparing a Treatment group cohort to its corresponding Other CPS Pre-K Comparison group any year after 1st grade.

The Evaluator will determine the appropriate techniques and mechanisms to employ to confirm the cause of the irregularity, which could include handchecking code, checking for continued balance in the treatment and comparison groups, and looking for policy changes within specific schools or system-wide that could have affected outcomes.

If the Evaluator finds a mechanical error, the results will be recalculated using the correction. If the Evaluator finds a methodological flaw, the Evaluator may propose a remedy to the evaluation plan to mitigate the inconsistency in future years. However, the results will not be recalculated for that year or any other past year. Changes to the plan must be approved by CPS, the City, and the Project Coordinator, and Approved by the Lender Committee.

APPENDIX A: TIMING OF COHORTS

2024

2023

2022

2021

2020

2019

2018

2017

2016

2015

2014

Cohort 1

Treatment	Identified and enroll in CPC PK	K	1st	4th	5th	4th-6th avg. SPED & Mobility rates locked
Other CPS PK Comparison	Identified & enroll in other CPS PK	K	1st	4th	5th	4th-6th avg. SPED & Mobility rates locked
No CPS PK Comparison	No CPS PK Comparison	Identified and enroll in CPS K	1st	4th	5th	4th-6th avg. SPED & Mobility rates locked

Cohort 2

Treatment	Identified and enroll in CPC PK	K	1st	3rd	4th	4th-6th avg. SPED & Mobility rates locked
Other CPS PK Comparison	Identified & enroll in other CPS PK	K	1st	3rd	4th	4th-6th avg. SPED & Mobility rates locked
No CPS PK Comparison	No CPS PK Comparison	Identified and enroll in CPS K	1st	3rd	4th	4th-6th avg. SPED & Mobility rates locked

Cohort 3

Treatment	Identified and enroll in CPC PK	K	1st	2nd	3rd	4th-6th avg. SPED & Mobility rates locked
Other CPS PK Comparison	Identified & enroll in other CPS PK	K	1st	2nd	3rd	4th-6th avg. SPED & Mobility rates locked
No CPS PK Comparison	No CPS PK Comparison	Identified and enroll in CPS K	1st	2nd	3rd	4th-6th avg. SPED & Mobility rates locked

Cohort 4

Treatment	Identified and enroll in CPC PK	K	1st	1st	2nd	3rd	4th	5th	4th-6th avg. SPED & Mobility rates locked
Other CPS PK Comparison	Identified & enroll in other CPS PK	K	1st	1st	2nd	3rd	4th	5th	4th-6th avg. SPED & Mobility rates locked
No CPS PK Comparison	No CPS PK Comparison	Identified and enroll in CPS K	1st	1st	2nd	3rd	4th	5th	4th-6th avg. SPED & Mobility rates locked

APPENDIX B: SAMPLE MOBILITY CALCULATIONS USING SIMULATED DATA

Sample Mobility Calculations Using Hypothetical Data						
School Year	Grade	Original Enrollment	Students still enrolled at a CPS school	Cumulative Mobility	Marginal Mobility	
2014	PK	500	460	.08	.08	
2015	K	500	440	.12	.04	
2016	1st	500	415	.17	.05	
2017	2nd	500	405	.19	.02	
2018	3rd	500	390	.22	.03	
2019	4th	500	378	.244	.024	
2020	5th	500	365	.27	.026	
2021	6th	500	353	.294	.024	
<i>Imputed average marginal mobility for future calculations:</i>						
						.025
School Year	Grade	Original Enrollment	Imputed Students still enrolled at a CPS school	Imputed Cumulative Mobility	Imputed Marginal Mobility	
2022	7th	500	341	.319	.025	
2023	8th	500	328	.343	.025	
2024	9th	500	316	.368	.025	
2025	10th	500	304	.393	.025	
2026	11th	500	291	.417	.025	
2027	12th	500	279	.442	.025	

EXHIBIT C
HIGHLY CONFIDENTIAL INFORMATION

Student:

- First Name/Last Name
- Date of Birth
- CPS Student ID
- Zip Code
- Parent/Guardian Name
- Parent Education (when available)
- Grade
- Gender
- Race
- Ethnicity
- Home Language
- English Learner Status
- IEP Status
- IEP Code (Disability)
- IEP Start Date
- Free and Reduced Lunch Status
- Attendance
- CPS Enrollment Start Date
- CPS Enrollment End Date
- Current Enrollment Status
- Exit Description (when appropriate)

School

- School Name
- School ID
- School Level (Performance Level)
- Classroom Number

- Type of Preschool Program (when appropriate)
- School Demographics: Race, Ethnicity, Free/Reduced Lunch %, Average Daily Attendance

Assessment:

PreK Assessment Data: TS GOLD

3rd Grade Performance Data: PARCC


EXHIBIT D
NON-DISCLOSURE CERTIFICATE

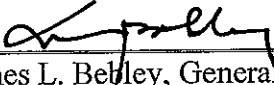
The undersigned covenants and agrees that it shall not disseminate any of the Payment Data, in whole or in part, to any third person.

By: _____
Its: Authorized Representative

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

BOARD OF EDUCATION OF THE CITY OF CHICAGO *gmu*

By: 
Name: Ginger Ostro
Title: Chief Financial Officer

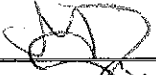
Approved as to legal form: *gmu*

James L. Bepley, General Counsel


SRI INTERNATIONAL

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**BOARD OF EDUCATION OF THE
CITY OF CHICAGO** *qu*

By: 
Name: Ginger Ostro
Title: Chief Financial officer

Approved as to legal form: *qu*

James L. Bebley, General Counsel

SRI INTERNATIONAL

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**BOARD OF EDUCATION OF THE
CITY OF CHICAGO** *gm*

By: *[Signature]*
Name: Ginger Ostr
Title: Chief Financial Officer

Approved as to legal form: *gm*

[Signature]
James L. Bebley, General Counsel

SRI INTERNATIONAL

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**BOARD OF EDUCATION OF THE
CITY OF CHICAGO** *gm*

By: _____
Name: _____
Title: _____

Approved as to legal form: *gm*

[Signature]

James L. Bebley, General Counsel

SRI INTERNATIONAL

By: _____
Name: _____
Title: _____