



The North Carolina Partnership for Children, Inc.

November 30, 2011

TO: Members of the North Carolina General Assembly

FROM: Olson Huff, M.D.
Chair of the Board of The North Carolina Partnership for Children, Inc.

RE: Report to the General Assembly

G.S. 143B-168.12(d) requires that: "The North Carolina Partnership for Children, Inc., shall make a report no later than December 1 of each year to the General Assembly that shall include the following:

- (1) A description of the program and significant services and initiatives.
- (2) A history of Smart Start funding and the previous fiscal year's expenditures.
- (3) The number of children served by type of service.
- (4) The type and quantity of services provided.
- (5) The results of the previous year's evaluation of the initiatives or related programs and services.
- (6) A description of significant policy and program changes.
- (7) Any recommendations for legislative actions."

The following report addresses each of these points.

(1) A description of the program and significant services and initiatives.

Smart Start is North Carolina's nationally-recognized initiative to ensure that every child reaches his or her potential and is prepared to succeed in a global community. Smart Start helps working parents pay for child care, improves the quality of child care and provides health and family support services in every North Carolina county.

Smart Start measurably increases the health and well-being of young children birth to five, building the foundation for all future learning, by:

- Improving children's early care and education programs so that they are safe, healthy and provide opportunities for children to learn skills they need for success in school;
- Providing parents with tools that support them in raising healthy, happy, successful children; and
- Ensuring that children have access to preventive health care.

Smart Start began in 1993 as an innovative solution to a problem: Children were coming to school unprepared to learn. Policymakers recognized that progress would require tapping into the same innovative spirit that inspired private sector advances, and therefore established Smart Start as a public/private partnership. Independent, private organizations work in all 100 North Carolina counties through The North Carolina Partnership for Children, Inc. (NCPC) and 77 Local Partnerships. Together, these organizations form a system—a network of local organizations led and supported by a state-level organization (NCPC), ultimately answerable to the people and taxpayers of North Carolina.

Smart Start creates the virtual network of roads, bridges and highways that allow services to be delivered and connected in ways that effectively reach young children and families – so that they arrive at their destination healthy, safe and able to develop to their full potential.

NCPC ensures that Smart Start fully meets all legislatively mandated requirements and operates to the highest standards of effectiveness, accountability, efficiency and integrity. NCPC is dedicated to excellence and innovation in Smart Start through public/private partnership and leadership in best practices and evidence-based programming.

Smart Start's nationally award-winning approach has resulted in:

- More children succeeding in school— third-graders have higher standardized reading and math scores and lower special education placement rates in those counties that had received more funding for Smart Start when these children were younger. This is according to research released in March 2011 by Duke University, which found that investments in Smart Start generate broad education benefits.
- More children attending high quality care—from 33% to 67% since 2001 when Smart Start began tracking this data.
- More children receiving developmental screenings—85% of children received recommended screenings after Smart Start launched the Assuring Better Child

Health and Development (ABCD) program (compared to 80% before ABCD) in participating counties.

Smart Start’s work falls into three main areas:

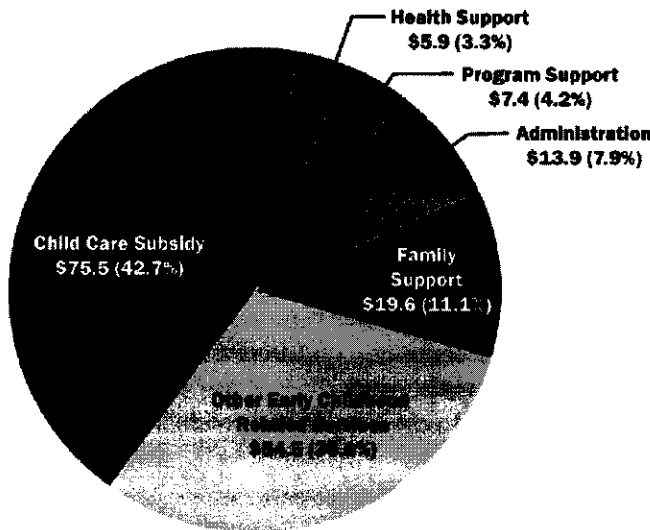
Raising the quality of care and education. Forty years of early education research show that programs which positively impact children are those with highly skilled teachers, age-appropriate activities, stimulating materials, and a safe environment. Since its inception, Smart Start has raised the quality of the state’s early childhood programs—helping our children develop the social, emotional, and academic foundations that will serve them throughout life.

Supporting families. Smart Start offers family-focused programs that provide parents with tools that improve parenting, promote parent involvement and impact the environment in which parenting takes place.

Advancing child health. Smart Start increases young children’s access to healthcare and works with providers, health departments, families, and communities to improve the healthcare systems that serve children.

(2) A history of Smart Start funding and the previous fiscal year’s expenditures.

**Fiscal Year 2010-11
Total Local Partnership Expenditures:
\$176.8 million**



Note: Other child care related services, include but are not limited to, working with child care programs to improve and maintain quality, supporting teachers to attend early childhood college courses, and providing professional development.

Smart Start is an effective and efficient private/public partnership. Only 8 cents of every dollar goes to supporting the Smart Start system.

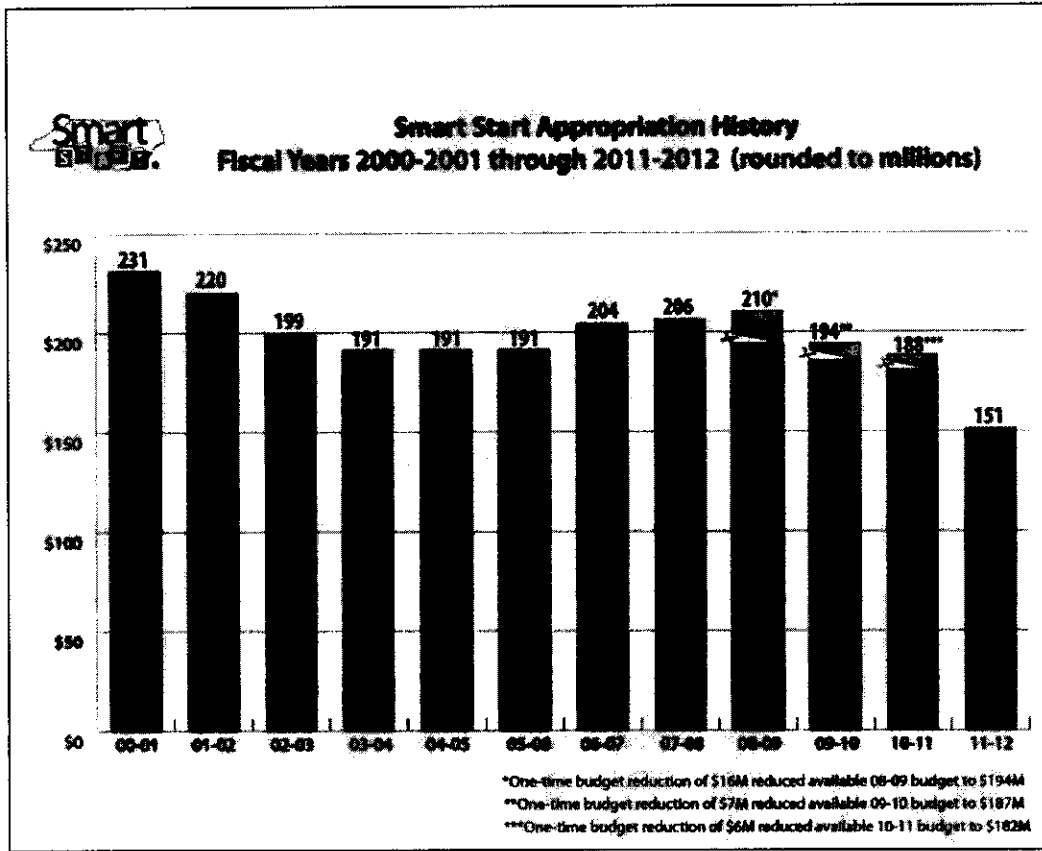
In the past ten years, NCPC and Smart Start Local Partnerships have been audited more than 450 times by State auditors and/or independent auditors. NCPC has had no audit findings for the past eight years.

In the past two years, all 77 Local Partnerships were audited, and had no findings.

Federal and private funders have invested millions of dollars in North Carolina’s early childhood system because Smart Start provides the infrastructure on the

ground that is needed to produce efficient and effective results. In FY 2010-11, Smart Start leveraged an additional \$28 million for the state’s young children in cash and in-kind contributions.

That said, in the past decade Smart Start’s funding has declined by \$80 million, or 33%, while need and population have continued to grow.



(3) The number of children served by type of service.

Smart Start programs are comprehensive and far-reaching. Independent research from Duke University demonstrates that Smart Start has a significant “spillover effect,” meaning that the more Smart Start funding a county had when children were young, the better all of the children in that county did by grade three, regardless if the child received direct Smart Start-funded services. Therefore, it is not possible for statewide numbers to reflect all of the children Smart Start funding reaches.

Raising the quality of care and education.

High quality, reliable child care improves school readiness and high school graduation rates, will produce a generation of job-ready workers, and stimulates the economy.

- **2,804 child care programs** received support to improve or maintain the quality of care for approximately **84,000 children**.

Subsidies support parents' ability to work and allow children from low-income, working families to attend child care or other early education programs.

- **39,000* children** received subsidy assistance from Smart Start.
**This does not include the number of children enrolled in More at Four funded by Smart Start. The Division of Child Development and Early Education was not able to provide this figure in time for this report.*

Child care programs with low turn-over rates and college-educated teachers provide high quality care that positively impacts children's development.

- **10,019 teachers** participated in Smart Start-funded programs providing education-based salary supplements, allowing them to stay in the profession and provide stable care to approximately **116,200 children**.
- **5,053 teachers** participated in Smart Start-funded programs that helped them study early education at the college level, impacting approximately **58,600 children this year and thousands more over the course of their careers**.

Ready Schools provide a seamless continuum of learning for children ages 3 through 8 between children's early care and educational experiences, elementary schools, families, and communities.

- **81 elementary schools and 23 school districts** participated in Ready Schools activities to ease school transitions for an estimated **29,000 children**. **94%** of the participating elementary schools are Title I schools, which have large concentrations of children from families with low incomes.

Supporting families.

Learning to read is a developmental process that begins long before a child enters school. These skills begin in everyday interaction between adults and children. Early literacy is what children know about reading and writing before they can actually read and write.

- **17,685 parents/guardians** participated in early literacy programs.
- **167 child care centers and 425 child care classrooms** participated in the evidence-based Raising a Reader program.

Parent education programs give parents the tools they need by increasing their knowledge of early childhood development and positive parenting.

- **6,189 families** participated in ongoing parenting programs.
- **6,257 parents** received assistance to improve their ability to raise healthy successful children through the evidence-informed Parents as Teachers program. Parents in the program may have received in-home visits from health professionals, developmental and health screenings, referrals for community resources, or participated in support groups.

- **174 parents** who described their children as having above-normal challenging behaviors participated in the evidence-based Incredible Years program.

Advancing child health.

On average, 70% of young children with developmental delays are not diagnosed until they enter school. This means, by the time kindergarten begins, these children are already behind their peers.

- **6,365 children with special needs** or at-risk for developmental delays received Smart Start health-related enhanced services.

Being overweight during childhood and adolescence increases the risk of developing high cholesterol, hypertension, respiratory ailments, orthopedic problems, depression and type 2 diabetes as a youth. Children in child care may consume 50% to 100% of their Recommended Daily Allowances of calories while at a child care facility.

- **4,092 children in 14 counties** now receive healthier food options and more active play time in child care as part of the evidence-based Nutrition and Physical Activity Self-Assessment for Child Care (NAP SACC) program.
- **111 child care programs** learned how to improve nutrition and physical activity practices to reduce childhood obesity through this evidence-based program.
- **1,875 children** gained access to improved outdoor play spaces at **27 child care programs**. The child care providers received assistance building spaces and learning how to use them to promote children's physical activity through the research-informed Preventing Obesity By Design II project.

Child Care Health Consultants work closely with child care providers to establish or improve health policies and procedures designed to prevent injuries and protect children from infectious diseases.

- **92,110 children** were in child care programs that were served by Child Care Health Consultants who helped establish or improve health policies and procedures that prevent injuries and protect children from infectious diseases.

Unfortunately, repeated years of budget cuts mean that fewer children and families are benefitting from Smart Start in their communities. Smart Start is legislatively required to dedicate \$52 million to child care subsidy despite overall cuts to Smart Start funding, and continues to meet that requirement. As a result, other Smart Start services are disproportionately affected. Between Fiscal Year 2006-07 and Fiscal Year 2010-11, Smart Start reached **38% fewer child care programs** to improve quality, negatively impacting an estimated 23,460 children. At the same time, **32% fewer early childhood teachers** were able to enroll in college-level courses, meaning an estimated 26,045 children did not benefit from having a teacher with higher education levels and better skills. And **47% fewer parents** were able to participate in family support programs.

These numbers are expected to drop further as the effects of the largest cut to Smart Start, \$37 million for the current fiscal year, ripples across the state.

(4) The type and quantity of services provided.

Smart Start's work focuses on three main areas: raising the quality of care and education, supporting families, and advancing child health.

Programs to raise the quality of care and education account for more than 70% of Smart Start's services. This initial investment leverages additional funding throughout the state. For example, the W.K. Kellogg Foundation awarded NCPC a \$500,000 grant to support the development of local Ready Schools efforts in communities and schools across the state. Ready Schools provide a seamless continuum of learning for children ages 3 through 8 spanning children's early care and educational experiences, elementary schools, families, and communities.

Smart Start quality care and education programs include:

- **Quality Enhancement/Maintenance.** In North Carolina, licensed child care facilities have star ratings of between 1 and 5 stars, with 5 stars being the highest. Smart Start supports initiatives to improve the quality or maintain the high quality (4-5 stars) of child care. Activities are tailored to the specific needs of each child care program. They typically include on-site technical assistance based on standardized assessments of each classroom, professional development planning to address the educational needs of classroom staff, and development of a quality improvement or maintenance plan.
- **Access to High Quality Care.** To ensure that children from low-income families have access to high quality care, Smart Start puts more than 30% of its funding into the subsidy system. Child care subsidy helps low-income families afford early childhood education and care for young children. It is based on family income and size. Most parents contribute a co-pay amount, often paying a percentage of their income. The funds for subsidy come from both state (35%) and federal (65%) sources.
- **Professional Development & Workforce Supports.** Smart Start helps child care providers create effective, early learning programs by offering professional development, technical assistance, and funding.

Programs to support families account for approximately 11% of Smart Start's services. This initial investment leverages additional funding throughout the state. For example, two Local Partnerships in the east received more than \$120,000 from The Duke Endowment to implement a prevention program for families at risk of maltreatment. The program was available at 10 child care programs and included training for the providers, and the evidence-based The Incredible Years program for the parents.

Smart Start family support programs include:

- **Parenting Skills.** Parent education programs give parents tools to increase their knowledge of early childhood development and positive parenting practices.

- Home Visiting. Home visiting programs help new parents and parents-to-be by providing education, information and resources. Home visitors may discuss the importance of a healthy pregnancy, how babies grow and learn, child safety issues, parent coping skills, and resources available in the community.
- Early Literacy. Learning to read and write begins at infancy and continues throughout the toddler years. Sharing books, telling stories, singing songs, talking, and drawing help children develop early literacy skills and prepare them to learn to read and write.

Programs to advance child health account for a little over 3% of Smart Start's services. This initial investment leverages additional funding throughout the state. For example, the Blue Cross and Blue Shield of North Carolina Foundation awarded NCPC a three-year, \$3 million grant to tackle childhood obesity by focusing on young children, from birth through age five.

Smart Start child health programs include:

- Health and Safety. Many young children spend a large part of their day in settings outside of their homes. Smart Start works with Child Care Health Consultants to promote safe and healthy environments for children in child care settings.
- Childhood Obesity Prevention. Children in child care may consume 50% to 100% of their Recommended Daily Allowances of calories while at a child care facility. Smart Start supports programs that help child care programs offer more nutritious meals and physical activity time to prevent childhood obesity.
- Developmental Delays. On average, 70% of young children with developmental delays are not diagnosed until they enter school. This means, by the time kindergarten begins, these children are already behind their peers. Smart Start works to ensure that more children are screened for developmental delays and referred to services for help before they start school.

(5) The results of the previous year's evaluation of the initiatives or related programs and services.

Since 1996 there have been 37 independently conducted evaluations of Smart Start, all with positive results, including:

More children attend high quality care. In FY 2010-11:

- **67% of all children** in early care and education attend 4- and 5-star programs as compared to 33% in 2001.
- **78% of children whose families received help** paying for early childhood care and education attend 4- and 5-star centers (compared to 30% in 2001).
- **375 1- and 2-star programs improved their star ratings, impacting 4,300 children.** Today, **10% of all children** in early child care and education still attend 1- and 2-star centers (compared to 46% in 2001).

More parents are engaged in positive parenting practices. In FY 2010-11:

- **72% of parents** read to their child/children at least four days a week after participating in the Raising a Reading program, compared to **63%** before the program.
- Parents who described their children as having above normal challenging behaviors decreased from **36% to 14%** after participation in The Incredible Years program.

More children with disabilities are identified at a younger age and are referred to early intervention services. In FY 2010-11:

- **85%** of children whose medical offices participated in the Assuring Better Child Health and Development (ABCD) program received recommended developmental screenings at their most recent well-child visit, compared to **80%** before ABCD.

More children are benefiting from better nutrition and physical activity. In FY 2010-11:

- **96% of child care programs** participating in the evidence-based Nutrition and Physical Activity Self-Assessment for Child Care (NAP SACC) program improved physical activity and nutritional practices.

Since 2001, Smart Start has used independent data from state and federal sources to understand how North Carolina's children are faring. NCPC establishes measurable, statewide goals for increasing the health, well-being and development of children birth to five.

North Carolina is the only state to institute population outcomes for young children in every county.

Smart Start uses independent data to report on child well-being in each county across the state as part of Smart Start's annual performance-based evaluation system. This snapshot identifies in which areas children are doing well and in which areas attention is needed. Local Partnerships then take responsibility for making decisions about how best to address areas of need. Each Local Partnership Board of Directors includes community leaders representing business, early childhood providers, parents, faith leaders, public education, and health care providers. They convene stakeholders; ensure accountability; and leverage private, community, state and federal resources to advance child well-being in their communities.

The statewide data provided below is for Fiscal Year 2009-10. All data for Fiscal Year 2010-11 will be available in February 2012.

Statewide Population Outcomes for FY 2009-10

Average star rating for children in child care programs.	2.76	3.84
% of children enrolled in 4- & 5-star child care programs.	33%	64%
Average star rating for children receiving subsidy.	2.68	3.99
% of children receiving subsidy in 4- & 5-star child care programs.	30%	74%
Average star rating for children with special needs receiving subsidy.	3.39	4.40
% of children with special needs and receiving subsidy in 4 & 5 star child care programs.	61%	94%
% of children 0-2 years who receive early intervention/special education services.	3.0%	4.8%
% of children 3-5 years who receive early intervention/special education services.	5%	5%
% of children who are obese.	11.2%	15.4%
FY 2010-11		
Rate of infant deaths within the first year of life.	8.8	7.9
% of children with elevated blood lead levels.	1.3%	0.4%
FY 2009-10		
% of parents who report feeling competent and confident to apply parenting information.	92%	97%
% of parents who report an increase in their participation in literacy activities each week.	72%	80%

(6) A description of significant policy and program changes.

In Fiscal Year 2010-11, the NCPC Board considered several policy changes to strengthen the state's early childhood infrastructure and increase efficiency across the Smart Start system.

Unified Accounting and Reporting System

To ensure the fiscal integrity and accountability of State funds, the Smart Start unified accounting and reporting services system (then called Multi-Partnership Accounting and Contracting or "MAC") was implemented in 2000. Its purpose is to ensure the provision of quality, cost-effective accounting services for each Local Partnership.

NCPC hosts and maintains a single accounting software system for all Local Partnerships. Using this single system, accounting and reporting services are provided to

the partnerships by a network across the state. This single platform system configuration provides strong, cost-effective accounting support for all Local Partnerships; support and technological infrastructure; and timely financial reporting.

The unified accounting and reporting system was created to be adaptable to best respond to the changing needs of Local Partnerships. This approach allows Smart Start to remain flexible and able to continually identify opportunities to create efficiencies. Fiscal Year 2010-11 continued the commitment to efficiency and effectiveness in all areas of operation.

Changes in the unified accounting and reporting system continue to be developed through ongoing review of service cost analysis and service delivery models. It is anticipated that Fiscal Year 2011-12 will continue the work of cost containment and consolidation in the delivery of services through fewer designated or lead partnerships. This will be accomplished with the overall goal of ensuring the fiscal integrity and accountability of State funds.

Shared Services across Partnerships

NCPC and Local Partnerships continued to model new means of sharing services to maximize resources and impact. For example, three Local Partnerships came together to overcome challenges that come with being as geographically large, rural and sparsely populated as eastern North Carolina. They partnered to implement the evidence-based program, Assuring Better Child Health and Development (ABCD), to provide training and technical assistance to physicians and office staff so that children receive appropriate developmental screenings and referrals.

A Local Partnership in the Piedmont region has been sharing services with a neighboring partnership. All of its administrative functions (e.g., payroll and contracting) are being done by its neighboring partnership. This arrangement allows for the partnership to focus its resources on best meeting the needs of children.

Since the end of the 2011 legislative session, the western part of the state has been engaged in ongoing conversation about how to best provide services to children in the region given the limited dollars available to maintain needed infrastructure of the early childhood system.

Evidence-Based Programs

NCPC built on the success of its Smart Start Pilot Grant Program that targeted critical issues facing young children and their families. Smart Start adopted a strategic, high-impact approach by piloting evidence-based programs in a diverse range of communities across the state. To be selected, programs needed to: (1) be innovative, (2) produce clearly defined child or family outcomes, and (3) have the potential to become a statewide model.

(7) Any recommendations for legislative actions.

When North Carolina invests in young children, it sees results. This past March, Duke University researchers released a study that found children had higher third grade reading and math scores and fewer special education placements in counties that received more funding for Smart Start when those children were younger. The researchers concluded that investments in Smart Start generate broad education benefits.

Unfortunately, Smart Start has lost a third (\$80 million) of its funding for services and administration in the past decade. At the same time the state has been cutting back its early childhood investments, scientific and medical research is demonstrating how critical these investments are. Children's earliest experiences are literally built into their bodies, determining how their brains are wired, their opportunity to grow into productive adults, and even their long-term health outlook.

Funding

To best meet the needs of children and families in North Carolina, Smart Start funding needs to be restored. Several years of reduced funding have coincided with an increase in the birth to five population in North Carolina; there are more than 144,000 more children birth to five than a decade ago according to the U.S. Census. And more North Carolina children are living in poverty—26%, up from 19% a decade ago. In other words, the need is greater, and the resources are fewer. At the same time, the decline in resources is threatening the economic viability of the smallest Smart Start Local Partnerships, which often have the highest rates of children living in poverty, the lowest average annual wages, and less infrastructure to support young children. All of North Carolina's children, regardless of where they live, have the right to a safe and healthy start with opportunities to learn.

Recommendation: Restore Smart Start funding beginning with last year's 20% reduction.

Barriers to Hiring the Most Qualified Staff

The salary caps created in Session Law 2011-145 suggest that all Smart Start Local Partnerships are the same, that the role of executive director is the same, and that the cost of living is the same across the state. The reality is that partnerships may be responsible for anywhere between \$187,000 and \$12.9 million of Smart Start funding, the number of children birth to five in their counties varies, and the cost of living in some parts of the state is significantly higher than in other parts. A personnel classification system developed and monitored by NCPC and in place across Smart Start is a legitimate requirement and is warranted to ensure accountability.

Recommendation: Amend the existing salary requirements to allow NCPC to establish and monitor a personnel classification system.

Reading Pilot Program

In order to expand the Reach Out and Read® pilot literacy program, we request that the General Assembly add a \$1 million line-item appropriation to the Smart Start budget to be distributed by NCPC in the form of grants to the Local Partnerships for expansion of the literacy program.

Recommendation: Establish line-item appropriation of an additional \$1 million to expand the Reach Out and Read® pilot literacy program.