

COVER LETTER

**TO: Members of the North Carolina General Assembly**

**FROM: Stephanie Fanjul  
President of The North Carolina Partnership for Children, Inc.**

**RE: 2012-2013 Report to the General Assembly**

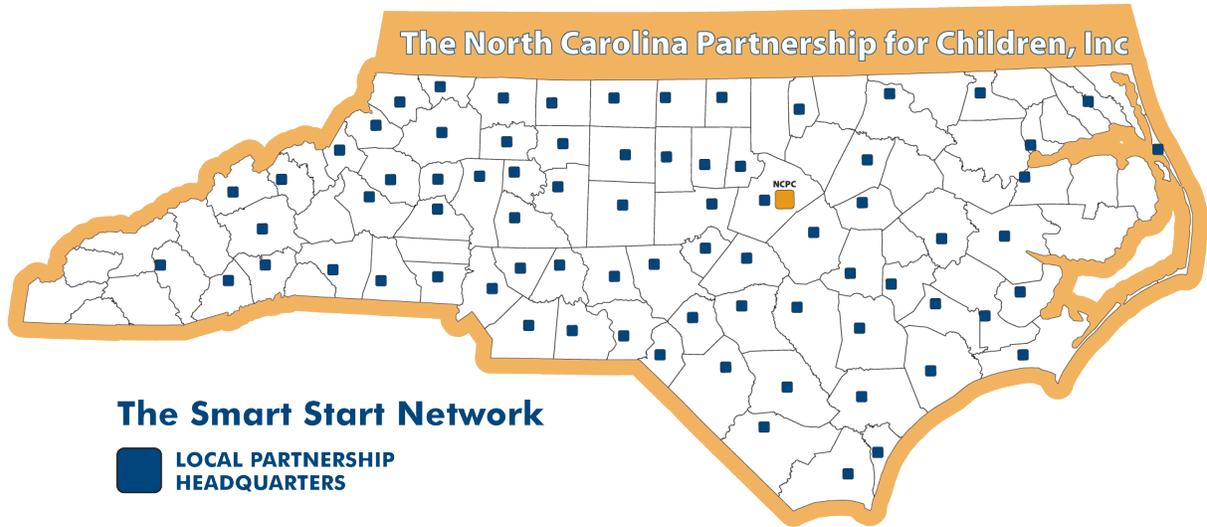
G.S. 143B-168.12(d) requires that: “The North Carolina Partnership for Children, Inc., shall make a report no later than December 1 of each year to the General Assembly that shall include the following:

- (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 these points.

## Smart Start: A summary description of the program and significant services and initiatives

Smart Start is a network of 76 nonprofit local partnerships led by The North Carolina Partnership for Children, Inc (NCPC). This structure establishes a system for state-wide governance and innovation with local inspiration that works in communities across our state. NCPC works to ensure strong fiscal and programmatic oversight and the local partnerships serve all 100 North Carolina counties and are an engaged and important part of local communities.



Smart Start gives local communities the flexibility to use data-driven decision making to determine how to increase the health, well-being and development of their children based on the needs and resources of their local communities. NCPC establishes measurable statewide goals and communities determine the best approach to achieve them. NCPC ensures that Smart Start fully meets all legislatively mandated requirements and operates to the highest standards of effectiveness, accountability, efficiency and integrity.

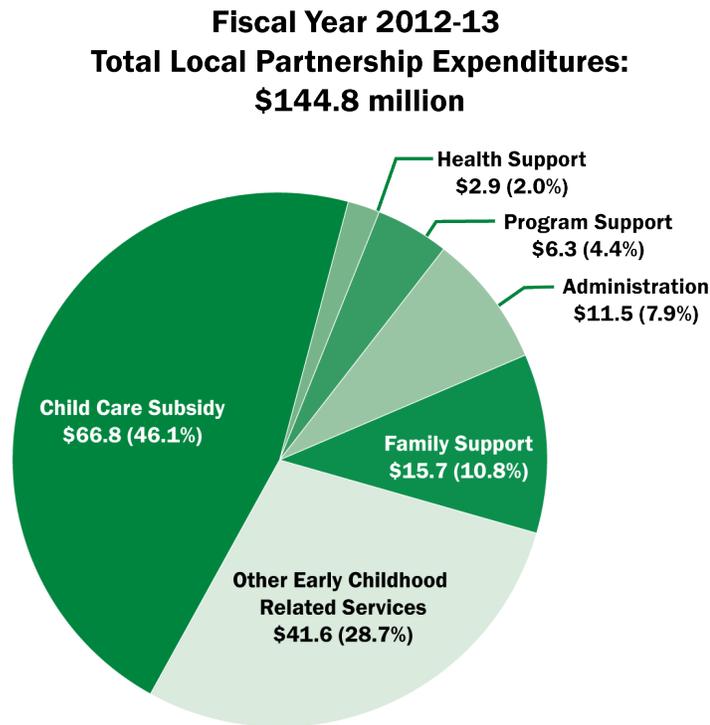
The Smart Start network provides children and families with programs and resources to help ensure that all North Carolina children start school healthy and ready to learn. It is also able to increase investments in early education, health and family support. In 2012-2013 fiscal year, Smart Start leveraged an additional \$26.3 million for the state's young children in cash and in-kind contributions. By working in local communities, the network is able to utilize local networks to:

- **Raise the quality of early care and education** by increasing access to high-quality child care for families with subsidy funds and supporting child care businesses in improving quality and achieving higher stars on North Carolina's rated license through onsite technical assistance, training, and support for child care professionals to obtain higher education.

- **Support North Carolina families** by providing parents with tools to increase their knowledge of early childhood development and positive parenting practices, and to become active partners in their child's success.
- **Promote early literacy** by collaborating with nationally recognized literacy organizations, Smart Start works with child care programs, pediatricians and families to promote early literacy across the state.
- **Advance child health and nutrition** by preventing early childhood obesity with initiatives that help child care programs offer more nutritious meals and physical activity time, and increasing the number of children who receive the appropriate developmental screenings, referrals and follow-up to detect and treat developmental delays early by working with doctors' offices.

## Smart Start Funding: A history of funding and the previous fiscal year's expenditures

In the 2012-2013 fiscal year, local partnership expenditures of state Smart Start funds totaled \$144.80 million. In addition, NCPC expended \$4.8 million. Of this, \$2 million were local partnership funds managed by NCPC in order to meet legislative requirements, including the fiscal accountability system and local partnership audits, as well as helping local partnerships build their capacity. The remaining \$2.8 million funds NCPC to ensure that Smart Start fully meets all legislatively-mandated requirements and operates to the highest standards of effectiveness, efficiency, accountability, and integrity. NCPC provides leadership in best practices and evidence-based programming.



With the highest standards of accountability, North Carolina's early childhood system quickly moves resources to serve children. Together, 77 separate organizations (NCPC and 76 independent local partnerships) are able to effectively budget resources, reverting only a third of one percent (0.33 percent) of the 2012-2013 Smart Start available funds.

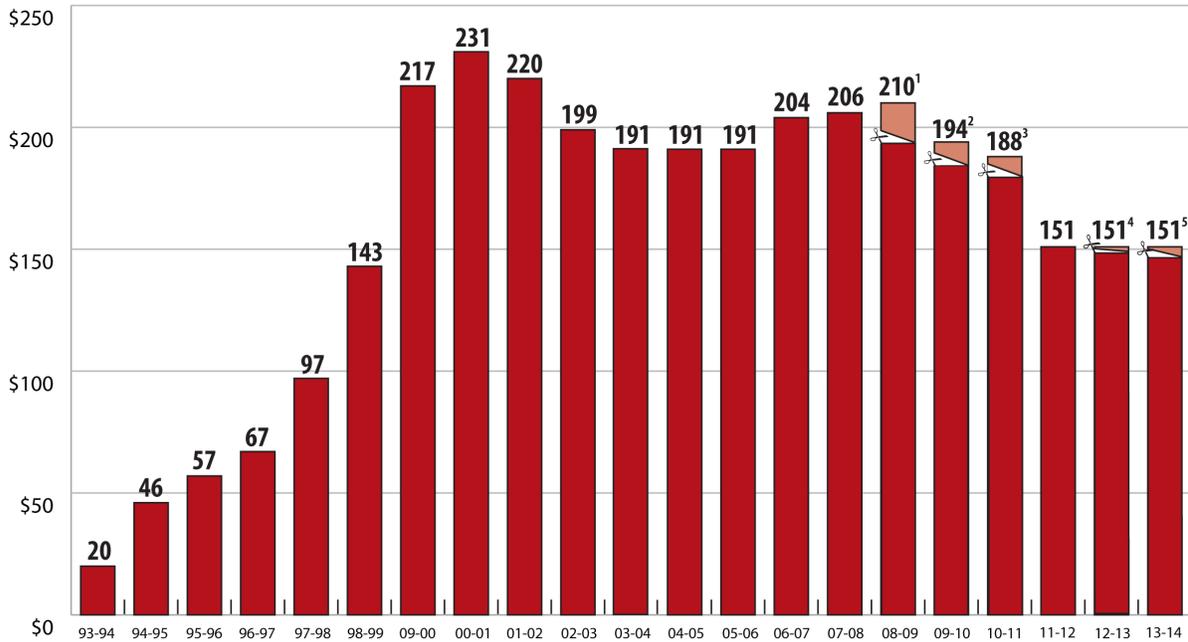
Federal and private funders have invested millions of dollars in North Carolina's early childhood system because Smart Start provides the infrastructure in each local community. In the 2012-2013 fiscal year, Smart Start leveraged an additional \$26.3 million for the state's young children including \$18 million in cash and \$8.3 million from in-kind contributions.

In 2011-2012 fiscal year, Smart Start funding was reduced by 20 percent, taking funding to the lowest level since 1998-1999 fiscal year. One time budget reductions the past two years have

lowered the level of funding even further. Both of those reductions were a result of a recurring cut to nonprofits in the 2013 - 2014 fiscal year that the Department of Health and Human Services fulfilled by cutting Smart Start by \$3.7 million. Additionally, Smart Start local partnerships administering NC Pre-K were cut an additional \$658,000 as part of the recurring nonprofit reduction.



### Smart Start Appropriation History Fiscal Years 1993-1994 through 2013-2014 (rounded to millions)



<sup>1</sup>One-time budget reduction of \$16M reduced available 08-09 budget to \$194M

<sup>2</sup>One-time budget reduction of \$7M reduced available 09-10 budget to \$187M

<sup>3</sup>One-time budget reduction of \$6M reduced available 10-11 budget to \$182M

<sup>4</sup>One-time budget reduction of \$1M reduced available 12-13 budget to \$150M

<sup>5</sup>One-time budget reduction of \$3.7M reduced available 13-14 budget to \$147.3M

## **Smart Start Services: The type and quantity of services provided, number of children served, and results of the previous year’s evaluation of the initiatives, programs and services**

Smart Start provides programs and services focused on four core areas: raising the quality of early care and education, supporting families, promoting early literacy, and advancing child health and nutrition. The following outlines specific programs and services within each core area, as well as outcomes and number of children served.

### **Raising the quality of early care and education**

A top priority for Smart Start is increasing the quality of early care and education across the state. The goal is to promote high quality early care that is child-focused, family-friendly and fair to providers. In North Carolina, licensed child care facilities have star ratings 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, ensure access to high quality facilities for all children, and help child care providers by offering professional development and technical assistance.

#### *Boosting quality and providing access for key groups through child care subsidy*

For years, Smart Start subsidy funds have been used to consistently increase the quality of early child care and education in the state. Many local Smart Start partnerships manage subsidy funds within their communities to boost quality, promote access for children that are at the highest risk and support the market.

- *Boosting quality* – All Smart Start Local Partnerships use subsidy funds for high quality care only. In addition, many have requirements beyond star rating levels for subsidy funds including bonuses for higher teacher education levels and higher scores on facility environment ratings. Smart Start also helps child care providers create effective early learning programs by offering professional development, technical assistance and funding.
- *Providing access to care for children and families that need it the most to achieve a higher rate of return on investment* – Smart Start subsidy funds are prioritized for children and families that are the most at-risk. By targeting funds to key groups, such as infants and toddlers, children with special needs, and parents working to complete school, Smart Start ensures a higher rate of return on funds by getting to those for whom it will make the biggest difference for.
- *Supporting the cost of care* – Local Smart Start Partnerships pay child care providers an enhanced subsidy rate for high quality care. This allows families to choose high quality care when the market rate does not cover the full private pay cost and acts as an incentive for providers to maintain 4-5 star ratings.

Over the past several years, this focus on quality improvement has dramatically improved the landscape of early care and education in North Carolina. The following highlights the increase in quality in North Carolina child care programs:

- The percentage of children in 4 and 5 star programs increased from 33 percent in 2001 to 73 percent in 2013.
- The percentage of children in low quality, 1 and 2 star programs decreased from 46 percent in 2001 to only 3 percent in 2013.
- The average star rating children enrolled in regulated early child care and education programs increased from 2.76 in 2001 to 4.19 in 2013.
- The average star rating for children receiving subsidized care increased from 2.68 in 2001 to 4.32 in 2013.

While the quality of early child care and education has continued to increase across North Carolina, decreases in resources for early childhood have caused the number of families and children being served to decline. Over the past three fiscal years, the number of child care programs receiving support, the number of children receiving assistance, and the number of teachers participating in education programs have all declined.

	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
Number of all child care programs (one- to five-star) receiving support to improve or maintain the quality of care.	<b>2,804 child care programs</b> serving approximately <b>84,000 children</b>	<b>2,575 child care programs</b> serving approximately <b>77,200 children</b>	<b>2,558 child care programs</b> serving approximately <b>76,740 children</b>
Number of children receiving subsidy assistance from Smart Start.	<b>38,763</b>	<b>31,460</b>	<b>31,070</b>
Number of low-paid teachers receiving an education-based salary supplement ensuring continuity of care for children by highly qualified teachers.	<b>10,019 teachers</b> serving approximately <b>116,200 children</b>	<b>7,193 teachers</b> serving approximately <b>83,400 children</b>	<b>6,351 teachers</b> serving approximately <b>73,671 children</b>
Number of teachers participating in Smart Start-funded programs that helped them to study early education at the college level.	<b>5,053 teachers</b> approximately <b>58,600 children</b>	<b>4,024 teachers</b> serving approximately <b>46,700 children</b>	<b>2,911 teachers</b> serving approximately <b>33,767 children</b>

*Improving quality and managing the NC Pre-K program*

Smart Start local partnerships help private child care programs improve the quality of their classrooms so they may participate in NC Pre-K and partner with NC Pre-K providers to help eligible four-year-olds access the program. In addition, many Smart Start local partnerships manage the NC Pre-K program in their counties through a separate contract with the Division of Child Development and Early Education.

	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
Number of counties where a Smart Start local partnerships administers NC Pre-K.	<b>50</b>	<b>54</b>	<b>54</b>
Percent of NC Pre-K children participating in Smart Start administered NC Pre-K programs.	<b>58%</b>	<b>64%</b>	<b>62%</b>

### **Supporting North Carolina families**

Research on brain development is changing how we think about the early years. It has produced new insights on interacting with a child, managing behavior and preparing children to enter school healthy and ready to learn. Smart Start offers family-focused programs that improve parenting and promote involvement. Parent education programs give parents tools to increase their knowledge of early childhood development and positive parenting practices, and home visiting programs help new parents and parents-to-be by providing education, information and resources. These programs include:

- *Child care subsidy to promote family engagement* – Smart Start uses subsidy funds as an incentive to engage parents in activities with their children and participate in parent education. This may include requiring parents to participate in education courses or specific programs, and encouraging parents to volunteer with a child’s provider.
- *Incredible Years (IY)* – IY is an evidence-based program that works to provide parents with appropriate expectations for their children’s behavior. With more appropriate expectations of their children, parents are able to strengthen their own parenting behavior.
- *Parents as Teachers (PAT)* – PAT is an evidence-based program that provides the information, support and encouragement parents need to help their children develop optimally during the early years of life. The model includes: 1) personal/home visits by certified parent educators, 2) parent group meetings about early childhood development and parenting, 3) developmental and health screenings for young children, and 4) linkages and referrals to community networks and resources.
- *Programs that support communities with a focused approach* – Smart Start partnerships also implement a variety of other evidence-based and evidence-informed family support activities tailored to meet their local community needs. These include hospital and home visits for new parents and parent education and support groups among other activities.

In the last fiscal year, these programs accomplished the following:

- Parents participating in the Incredible Years program reported a statistically significant decrease in the frequency with which their child displays problem behaviors, as well as a significant decrease in the number of behaviors that are a problem for the parent.
- 84 percent of eligible children participating in Parents as Teachers received a developmental and health screening.
- 62 percent of families participating in Parents as Teachers were linked with more than one community resource.

While parents and children benefited significantly from programs that support family education and engagement, the ability to reach as many families has declined with the reduction of resources.

	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
Number of families participating in ongoing parenting programs	6,189	3,930	3,684
Number of parents receiving assistance to improve their ability to raise healthy successful children through the evidence-based Parents as Teachers program.	6,257 parents impacting 6,389 children	4,146 parents impacting 5,605 children	3,723 parents impacting 5,043 children

### **Promoting Early Literacy**

Over the past three years, Smart Start has significantly expanded early literacy programs. Literacy affects our state's ability to create a workforce needed to compete in the global market and ensure our future prosperity. Recognizing that over 90 percent of language development occurs in the first few years of life, Smart Start provides programs that develop early literacy skills needed for success in school, work and life. Smart Start brings proven, national programs to the children and families of North Carolina. These programs assist parents in developing habits of daily reading with their children, and assist children in discovering an early love of reading.

- *Reach Out and Read (ROR)* – ROR supports doctors in their efforts to “prescribe” reading to young children and families during well-child visits through early literacy guidance. This includes book sharing, free books for children to keep, and waiting rooms full of books.
- *Raising a Reader (RAR)* – RAR rotates bright red bags filled with award-winning books in children's homes on a weekly basis, exposing children to over 100 books per cycle. RAR pairs the book rotation with parent training and information on how to effectively share books to promote family literacy habits, language and literacy skills, and a love of learning. Families are also connected with their local public library so they continue the practice of borrowing books.
- *Motheread/Fatheread* – Motheread/Fatheread combines the teaching of parent literacy skills with child development and family support. Parents and children develop skills in all four areas of literacy: listening, speaking, reading, and writing.
- *Dolly Parton Imagination Library* – Dolly Parton Imagination Library provides a free, age appropriate book each month to children age birth to 5. Every month, a new, carefully selected book is mailed directly to the child's home with book sharing instructions for the parents.

In fiscal year 2013, the following significant accomplishments were a result of Smart Start early literacy efforts:

- Smart Start served over 20,000 children through Reach Out and Read (ROR).
  - Families returning to the doctor were 57 percent more likely to be reading to their child every day than parents new to the program.
  - Among parents of younger children (aged 6 months to two years), those who had been involved in ROR longer were 69 percent more likely than new participants to read to their children every day.
- Over 8,300 children participated in Raising a Reader.
  - 71 percent of participating families reported reading together more than three times a week.

- Parents reported a better understanding of how to make reading time more effective by reading the book’s title to the child, sitting close, praising the child, and asking the child questions.
- 708 families participated in Motherread/Fatheread
- 7,062 families participated in Dolly Parton Imagination Library programs that were funded by Smart Start.

In response to a directive from the General Assembly in 2011 for NCPC to “implement an evidence-based pilot literacy program that improves literacy of children from birth through five years of age,” NCPC’s Board of Directors dedicated \$300,000 to support the implementation of the Reach Out and Read pilot project. Since that time, the number of families and children being served through early literacy programs has grown significantly.

	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
Number of parents participating in early literacy programs.	17,685	25,614	31,513
Number of classrooms participating in the evidence-based program, Raising a Reader.	425	373	555
Number of children participating in the evidence-based program, Reach Out and Read.	N/A	9,109	20,557
Number of medical offices participating in the Smart Start evidence-based program, Reach Out and Read.	N/A	39 offices in 20 counties	51 offices in 22 counties

### **Advancing child health and nutrition**

Healthy behavior patterns established early in life often lead to lifelong benefits and decreased probability of serious disease later in life. Smart Start strives to improve outcomes for children by increasing young children's access to healthcare and by working with providers, health departments, families, and communities to improve the health and safety for young children, prevent childhood obesity, and ensure that more children are screened for developmental delays and referred to services for help before they start school.

- *Shape NC* -- NCPC is in its third year of a partnership with the Blue Cross and Blue Shield of North Carolina Foundation on a three-year, \$3 million effort, to address early childhood obesity. With a focus on the child care setting, Shape NC is increasing the knowledge of nutrition and the importance of physical activity practices among young children, their families and teachers. The program works with providers to create outdoor learning environments, include healthy fruits and vegetables in meals and incorporate physical activity into daily routines. The goal is to increase the number of young children in child care at a healthy weight.
- *Assuring Better Child Health and Development (ABCD)* – the ABCD model is a proven, universal approach to screening young children in primary health care settings. ABCD works to increase health and development screening and referral rates for all young children within the medical home by integrating routine developmental screening into well-child visits, using either the Ages and Stages Questionnaire (ASQ) or the Parents Evaluation of Developmental Skills (PEDS). Medical professionals are also taught to use the Modified Checklist for Autism in Toddlers (MCHAT) and to refer children needing follow-up to appropriate community services.
- *Child Care Health Consultants (CCHCs)* -- CCHCs are health professionals knowledgeable about child health and development as well as child care safety. CCHCs work with child care facilities to promote healthy environments for children and staff. They focus on health and safety regulations, inclusion of children with special needs, injury prevention, and so on. The CCHC provides consultation to the center through periodic site visits and phone calls.

In the last fiscal year, these programs accomplished the following:

- Child care centers participating in Shape NC displayed quick improvements in the use of best practices related to physical activity and nutrition. Across the 18 participating centers:
  - All participating centers improved their use of 86 best practices related to physical activity and nutrition during the year.
  - Those centers that started in the second year of the grant doubled the number of best practices they were using during the year, increasing from 31 percent to 63 percent by the end of the second year. Centers starting in the first year were up to 74 percent of best practices in use by the end of the second year, compared to 49 percent.
  - Increasing the number of best practices in place resulted in many improvements for children during the year. For example, the percent of children who were provided:

- 90 minutes or more of daily physical activity increased from 14 percent to 72 percent in year two centers and 87 percent to 100 percent in year one centers.
  - Fruit two or more times per day increased from 9 percent to 54 percent in year two centers and 57 percent to 100 percent in year one centers.
- 40 medical practices with a total of 239 medical providers, participated in ABCD in the fiscal year 2013. These practices served 36,079 children and 57 percent of these children received Medicaid.
  - 2,447 child care facilities received child health consultation services funded by Smart Start. This is an increase from 2,303 in the prior fiscal year.

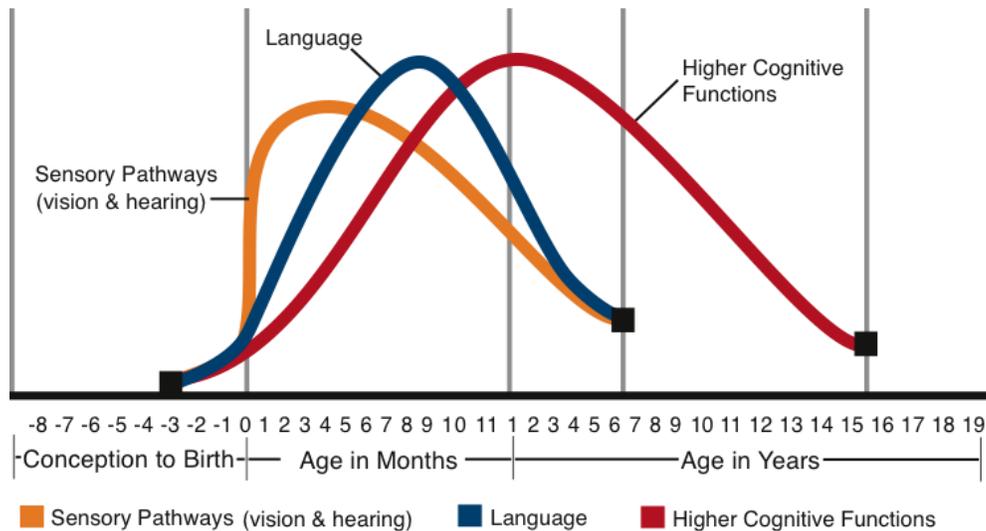
With the exception of programs established through the Shape NC effort, which was funded through a private funding source, programs that focus on nutrition and physical activity experienced a decline in participating child care centers and children due to a reduction in resources.

	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
Number of children with special needs or at-risk for developmental delay that received Smart Start health-related enhanced services.	6,365	5,850	5,720
Number of children receiving healthier food options and more physical activity in child care as part of the evidence-based Nutrition and Physical Activity Self-Assessment for Child Care (NAP SACC) program.	4,380 children	2,460 children	1,920 children
Number of children in child care programs that worked with child care health consultants who helped establish or improve health policies and procedures that prevent injuries and protect children from infectious diseases.	92,110	81,876	76,328
Number of children that participated in Shape NC initiatives	483	1044	946

## Smart Start: A description of significant policy and program changes

Emerging research continues to show that high quality early childhood programs create a strong foundation for success in school and the ability to lead a healthy, productive life. Babies born today have only 2,000 days before they begin kindergarten. In that time, 90 percent of critical brain development will occur. Numerous reports have provided a greater understanding of the immediate and long term impacts of programs that support healthy development in the critical first five years of life:

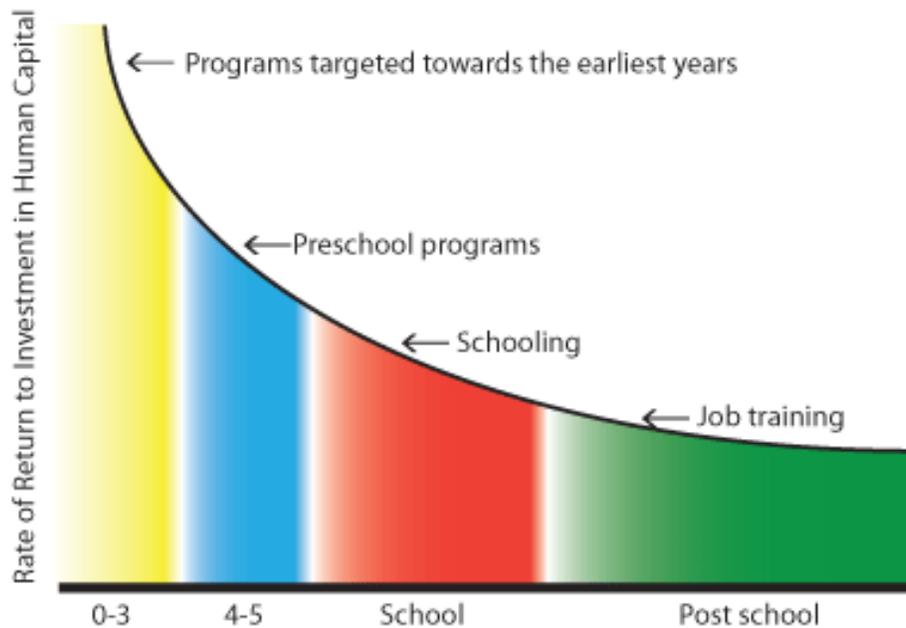
- *The Science of Early Childhood Development: The Center on the Developing Child at Harvard University* – The basic architecture of the brain is developed through an ongoing process that starts at birth. Early childhood experiences affect the quality of that architecture by establishing either a sturdy or fragile foundation for all learning, health and behavior that follow. Neural connections for sensory development (vision and hearing), language development, and higher cognitive functions are all formed at their highest rate in the first few years of life.



Graph Source: C.A. Nelson (2000)

- *Developmental Science: Stanford University* -- New findings recently reinforced earlier research showing that because professional parents speak so much more to their children, the children hear 30 million more words by age 3 than children from low-income households.

- *Return on Investment: Cost vs. Benefits* by James J. Heckman, University of Chicago -- The economic returns to early investments in child care and education are high. They promote efficiency and reduce inequality. High quality early care promotes schooling, reduces crime, fosters workforce productivity, promotes adult health through several channels, and reduces teenage pregnancy.



With state-wide governance and innovation, and local data-driven decision making working in our communities, Smart Start has proven to be effective in efficiently providing early child care and education programs to children and families. This is done through networks of community leaders, child care providers, parents, health care providers, and education and health experts.

In the 2012-2013 fiscal year, this governance model was reinforced and strengthened by the following policy and programmatic changes:

- At the Board's direction, NCPC created the Smart Start Accountability Plan for Fiscal and Programmatic Oversight. This plan expanded on the fiscal accountability plan to include programmatic requirements.
- NCPC developed The Smart Start Resource Guide of Evidence-Based and Evidence-Informed Programs and Practices to provide an overview and assessment of the research evidence available for a variety of Smart Start funded activities, and to ensure Smart Start funding was spent on evidence-based and evidence-informed activities as required in legislation.

- During the 2013 Legislative Session, the General Assembly increased the match requirement to 14 percent with at least 11 percent as contributions of cash. At this point in the fiscal year, NCPC and local partnerships are on track to meet the increased requirement. This was the second increase to the match requirement in the past two years. The increased match requirement was met in 2012-2013.
- Following a decision by the NCPC Board of Directors in 2011 to dedicate \$300,000 to support the implementation of the Reach Out and Read (ROR) project, expansion continued in fiscal year 2012-2013.

## Smart Start: Recommendations for legislative actions

For children to develop the skills and tools needed to be successful individuals, investments must be made in the critical first 2,000 days. These investments in early childhood have a profound impact on children and families, the communities in which they live, and the economic growth of our state. This broader impact is so significant that military leaders, business executives, and law enforcement are calling for greater investments to ensure our global competitive edge and national security.

A key indicator that a child has a strong foundation to lead a productive life is third grade reading ability. Third grade marks a child’s transition from learning to read to reading to learn. When children do not master reading by that point, they get left behind as the curriculum moves forward with more complex assignments.

Research conducted by the Sanford School of Public Policy at Duke University, recently concluded that children who benefited from Smart Start or NC Pre-K programs performed better on third grade tests than those that did not. This is because of the focus of these programs to ensure that all North Carolina children are provided with high quality early child care and education programs during the most critical time of a child’s development.

However, since the economic downturn of 2008, the strain on state and local budgets has had a negative impact on early childhood programs. This reduction in resources over the past several years means that not as many North Carolina children are being served by Smart Start.

To best meet the needs of North Carolina’s children and families, Smart Start funding needs to be increased. The share of the budget dedicated to early childhood has decreased significantly, shrinking from 2.1 percent of the total State General Fund Budget in the 2000 – 2001 fiscal year to 1.2 percent in the 2012 – 2013 fiscal year.

	<b>FY 2000-01</b>	<b>FY 2013-14</b>
Total State General Fund Budget	\$13,854,000,000	\$20,631,000,000
General Fund Smart Start Appropriation	231,000,000	144,000,000
DCD Subsidy General Fund Appropriation	54,000,000	37,000,000
NC Pre-K General Fund Budget	-	65,000,000
% of Total State GF Budget	2.1%	1.2%

Additionally, NCPC respectfully requests the following for the 2014 legislative session:

- **Additional funding for programs that support North Carolina families in their home communities.** Many of our state's youngest children do not experience the important benefits of a supportive and stimulating environment that can nurture early brain development during the first 2000 days. Additional investment in programs such as Parents As Teachers, Incredible Years and other family engagement initiatives can link many parents with child development information and ideas on how to engage their children in ways that will provide a stronger foundation for learning. This is particularly important for our at-risk children. Family support initiatives can also provide additional access to preventive screenings, critical for early identification of developmental delays, and linkages to early intervention services.
- **Additional funding to expand early literacy programs.** In an effort to support the General Assembly's priority of increasing reading proficiency by third grade, Smart Start works with local communities to offer evidence-based early literacy programs. These programs get books in the hands of children and provide parents training and information on how to share books to promote family literacy habits and language skills. By starting early with literacy, children are significantly more likely to be reading proficiently by third grade.
- **Continue to support working families with the highest quality early child care and education programs through Smart Start subsidy.** Local Smart Start Partnerships use their funds to enhance the state's subsidy system through local, data-driven decision making. This allows for targeted solutions that address specific community needs ensuring the best return on investment for all families and children.