



Financing a Great Start for Genesee County's Children
 Genesee County Great Start Collaborative
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Genesee County is in the process of a shift from a manufacturing based economy to a knowledge based economy. Preparing children to become the future innovators, business developers and citizens is a critical challenge for the entire community. Assuring that children have an opportunity to develop to their full potential is critical to the success of the community. Although 85% of a child's core brain structure is formed by age 3, less than 4% of the public funds in education and development are invested during that time (Neuman, 2009, p. 40). According to Charles Bruner of the Child and Family Policy Center, on a per child basis, public investments are nearly seven times greater during the school aged years at \$5,410 per child than during the birth to five years at \$740 per child. For every dollar invested in school age children, society only invests 13.7 cents in the youngest children (2005, p. 24). Examining the funding allocations and priorities will provide a basis for discussion about financial shifts that will be needed to support the development of our future workforce and community members.

Under the guidance of Michigan's Early Childhood Investment Corporation, the Genesee County Great Start Collaborative conducted a fiscal mapping study using the 2007 fiscal year to determine the financial resources from federal, state and local sources that were available to support programs and services for children from birth to age five. Genesee County is home to 36,000 children from birth through five years old (2008 Census estimates), 43% of whom are covered by Medicaid or MiChild (Michigan Department of Community Health) indicating a low income status. Table 1 describes the categories and amounts of funding identified in the mapping study.

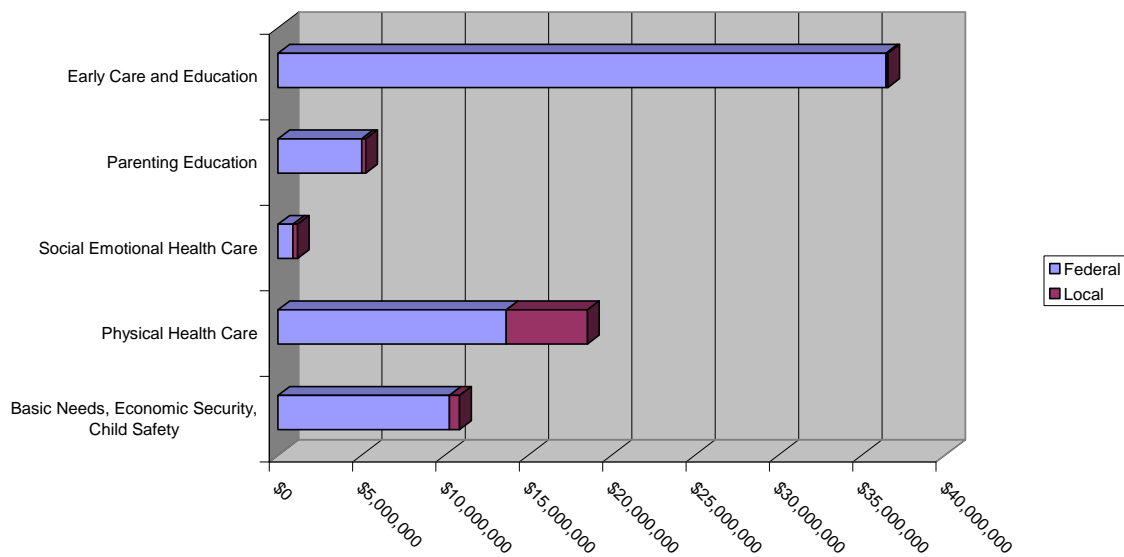
Table 1 Funding Levels for Genesee County 2007

Category	Federal/State	Local	Totals
Basic Needs, Economic Security, Child Safety	\$10,277,671	\$607,479	\$10,885,150
Physical Health Care	\$13,689,727	\$4,873,259	\$18,562,986
Social Emotional Health Care	\$898,907	\$267,318	\$1,166,225
Parenting Education	\$5,013,690	\$243,347	\$5,257,037
Early Care and Education	\$36,467,374	\$110,000	\$36,577,374
Totals	\$66,347,369	\$6,101,403	\$72,448,772

Source: Financing a Great Start for Michigan's Children: An Analysis of Existing Resources for the Great Start Collaborative System in Genesee County, 2009

The study was extensive, examining basic support for families including food stamps, Medicaid health care insurance and housing assistance. Early care and education included child care stipends, Head Start and the Great Start School Readiness program resources which are only available to families that meet income guidelines. The study indicated that in 2007, Genesee County children received over \$72 million in programs and services. Ninety-two percent (\$66 million) of funds were from federal and state sources and primarily intended for children living in resource poor families. An additional eight percent (\$6 million) was available for children with a wider range of income levels and circumstances.

Table 2. Genesee County Federal, State and Local Funding for Children Birth to Five 2007



An analysis was conducted by Judi Brown Clarke, Ph.D. and Wilma Wilbert Ph.D., faculty at Michigan State University, who determined that Genesee County was drawing down the maximum amount of funding allowable under the allocation formulas for the federal programs: Child Care and Development Fund, Temporary Assistance for Needy Families (TANF), Maternal and Child Health Block Grant, Community-based Child Abuse Prevention Grant and the Title IV-B (Child Welfare Grants). Genesee County was effectively using local and state funds to match federal dollars to bring money into the community for services.

The 2009 decline in state and local dollars for allocation to early childhood programs will affect Genesee County’s ability to serve the children. Federal funding sources often require a state or local match funding to qualify for the federal funds. If match requirements can not be made, it will significantly reduce the funds available. The Obama administration recommends increasing federal funding for high quality programs

for young children, but Michigan and local communities may not be eligible for the funds if the state and local funds are not available for match.

James Heckman, a Nobel Prize winning economist from the University of Chicago analyzed the finances evident in early childhood research spanning the last 40 years. He concluded that investing in young children's development has a return rate of between \$7 -\$17 for every dollar invested (Heckman, 2006). This is an annual return of 15-17% over 35 years. The returns are not only to the child receiving the services, but to the community at large in savings to social welfare and criminal justice costs. The returns are strongest when the programs are comprehensive, include parents and serve the children who are most vulnerable.

Best Practices in Financing Early Childhood Programs

Early Care and Education

Early care and education is the largest funding stream in the analysis, but the early interventions include comprehensive services including health screenings, social emotional supports, cognitive preparation and developmental screenings to make sure children are ready for school are vitally important. Head Start, Early Head Start (federal) and the Great Start School Readiness Program (state) include the broad range of services. Child Care Stipends (federal and state) for children living in poverty are also included in this analysis. Recent studies of child outcomes, qualifications of child care providers and environmental conditions of child care homes and centers have raised significant concern regarding the investment of the child care stipends. Statewide reform is being led by the Early Childhood Investment Corporation and the Great Start Collaboratives to improve conditions and child outcomes to give children a stronger foundation for future learning.

Studies from Applied Survey Research on readiness for kindergarten indicate that children who start kindergarten behind their peers are generally still behind on their 3rd grade standardized test scores (Colvig-Amir, 2008). In order for children to be on a trajectory of school success, they must start school with all the skills needed to thrive in a classroom. A study conducted of Michigan Kindergarten Teachers in 2009 reveals that teachers felt that 30% of their students were not ready for the Michigan Kindergarten curriculum when they entered school. Teachers also felt that children who are behind academically impact their ability to provide instruction to the rest of the students in the class (Lake Research Partners, 2009).

A child who drops out of school becomes a burden on society. The male high school dropout in 1973 earned an average of \$13.61 per hour. Dropouts today earn less than \$9.00 per hour and have little job stability, health care or pension programs (Neuman, 2009). The U.S. Department of Labor reports that lifetime earnings will increase by 15%-20% for persons graduating from high school. The gains are higher for minority children, indicating the importance of quality school preparation programs for minority children. The 2008-09 dropout rate in Genesee County schools was 13.71% (Students that did not stay in a high school or completion program for a total of four

years). In a knowledge based society, it will be the education level that will separate workers into low wage unskilled jobs versus highly skilled workers who can compete with other professionals globally.

According to Susan B. Neuman, former Assistant Secretary of Elementary and Secondary Education under George W. Bush from 2002-2004, we must prioritize funding to early childhood programs that have a proven track record of results in helping children gain the foundation necessary for learning. Ideally, families should have access to programs that begin prenatally or at birth, include parent education, health screenings and education, social emotional education, strong cognitive content and preschool education to prepare children for the rigors of K-12 education. Michigan has a well crafted, challenging K-12 curriculum to prepare children for college and the knowledge economy, but children must be prepared for the challenge.

The cost of providing high quality care and education experiences are mostly borne by the family. What the family can afford and what is convenient is often the determining factor in the quality of childcare and education young children will receive. In Genesee County, the monthly cost of licensed childcare in 2008 was \$539 per child or \$6,468 annually (Michigan Department of Human Services, 2009). For families meeting the poverty guidelines, child care subsidies are available. Families not eligible for state and federal child care and preschools are responsible to find tuition based programs.

In Genesee County in 2008, there were 5,966 children receiving subsidies, and 85% of those were in the care of aides and relatives. Analysis of data from the national Early Childhood Longitudinal Study indicates that family income level is a strong determinant of a child's preparation for school. Children living in poverty are often two or more years behind their median income peers at age three. Expecting children to catch up and progress at a grade level per year is overwhelming for many children and leads to disengagement in school by the child. Statewide reform is underway to improve the quality of care and availability of licensed and well trained early childhood professionals for all children.

Genesee County receives \$15,054,102 to provide Head Start and Early Head Start to families with children under age 5 that are living at 100% of poverty (\$22,050 for a family of four). These programs offer comprehensive support which includes quality preschool, both in center and home based options, as well as nutrition, health, dental, mental health and parent education services to enrolled families. In the 2008-2009 program year, 2,659 children and 19 pregnant women were served in these programs. Both programs have strong national evaluations over the 40 years of program services and have shown they can improve children's readiness for school. President Obama recognized the importance of the program for helping children in poverty and in 2009 provided additional federal funds to expand the Head Start programs nationwide.

Families that are living at 300% of poverty (\$66,000 for a family of four) are eligible to enroll their child in the state funded Great Start Readiness Program (GSRP) for 4 year olds. The program offers children a high quality preschool program taught by

bachelor's prepared teachers and a curriculum aligned with the Michigan Department of Education's Grade Level Content Expectations for K-12. In 2008, the cost per child for the program for a half day program was \$3,400 and Genesee County was allocated 1,791 half day slots. Some programs combine the slots to offer whole day programs. The GSRP funding is vulnerable for state budget cuts as Michigan struggles with the decline in budget revenues.

Physical Health

The second largest category of funding supported children's physical health needs. Access to medical care is a basic need for developing children and has lifelong implications. The Genesee County rate of children (1-18 years) covered under Medicaid insurance in 2007 was 42%. An additional 1.3% of Genesee County children are covered by MI Child. Helping parents' access health care before pregnancy, during pregnancy, and throughout childhood is critical for the child's development.

The current reimbursement rates for children on Medicaid are 50% less than seniors receiving Medicare. The reduced rates of reimbursement are a disincentive for physicians to care for children receiving Medicaid, limiting family's access to primary care. The adverse health outcomes of children on Medicaid are higher than for children on private insurance including hospitalizations for asthma, bronchiolitis and other preventable diseases. A 2009 analysis conducted by the Children's Healthcare Access Program in Kent County Michigan, revealed that the cost of caring for a Medicaid child was \$464 higher than a child with private insurance due to the shift in cost from office based to hospital based care through the emergency departments and hospitalizations resulting from complications of preventable diseases. Community efforts to improve access to clinics and doctors offices serving children 24 hours per day including weekends have shown improvements in the cost of care and health outcomes for children. A pediatric medical home model for children's health care is recommended as a system reform by the American Academy of Pediatrics.

Basic Needs, Economic Security, Child Safety

Many young children in Genesee County are living in families struggling to meet the basic need of housing, food, utilities and safe environments. Child abuse and domestic violence are more frequent in families that experience the stress of poverty, but encompass all segments of the population. Federal and state support for this category brought \$10,277,671 to Genesee County, while locally an additional \$607,479 was provided for a total of \$10,885,150. Families that are faced with the overwhelming problems of where to sleep for the night, finding food or avoiding violence are often distracted from the needs of young children.

Unfortunately, the family stress has long term implications for the child. The *Origins of Addiction: Evidence from Adverse Childhood Experiences Study* by Vincent J. Felitti, MD (2004) documents the dramatic effects that traumatic experiences have on 17,000 adults in the study. Recurrent or combined occurrences of physical abuse,

emotional abuse, sexual abuse, living with an alcoholic or drug abusing family member, living with a mentally ill or chronically depressed family member, living with domestic violence, having a close family member imprisoned or growing up without both biological mother and father were the criteria for adverse childhood experiences in the study. The findings revealed that the more adverse experiences the adults had as children, the higher their risk for emotional and cognitive impairment, addictive and risky behaviors, disease and disability and early death. Expenses incurred for medical and psychiatric care, criminal justice, disability claims are shifted into other social service budgets throughout adulthood.

Genesee County has over 500 children under age five that are in the foster care system due to abuse and neglect. In 2007, \$1.9 million was spent in Genesee County to provide support for these children. Breaking the cycle of abuse and helping unite children with a stable biological or adoptive parent is the goal of the program. Therapeutic interventions to increase bonding between parent and child, support for housing and management of resources require highly trained interventionists to be successful. The Maltreated Infant/Toddler Treatment Court (MITC) model is a very successful intervention that was established in Genesee County in 2008 to break the cycle. The innovative, research based program is a multi-systemic model based at Family Court. The MITC model has blended funding from the participating agencies to provide services; however, secure funding for future services is needed.

Parenting Education

Genesee County received \$5,257,037 in FY 2007 for parent education programs. Of that amount, \$3.6 million was federal funding and the remaining \$1.6 million was state and local funding. The state funding has been significantly reduced and some programs were eliminated in 2009.

The Successful Kids = Involved Parents program is a Genesee County program receiving funding from all source categories. The program serves approximately 1,500 parents and 2,000 children each year through home visiting and groups held at school sites. The program is open to any family with a child from birth to five. Evaluation data from Michigan State University (2009) indicate that participation in the program yielded improved nurturing and child management skills by parents and reduced the aggressive, withdrawn and anxious behaviors in children in the program. School readiness assessments with the children revealed that the more contact time the children had in the SKIP program, the greater their performance on the school readiness items. Parents participate in all aspects of the program and reinforce the skills learned with the children at home. Parent satisfaction is also high indicating that parents appreciated the guidance and referrals for additional services provided by the Parent Educators. The program is cost effective at \$1,000 per child per year.

The Ready, Set, Grow! Passport was formed a decade ago as a partnership between schools, hospitals, agencies and local businesses to encourage parents to do

activities with children that would enhance their development. The program is available to all parents in the county with children pre-natal through age five. Parents receive a manual with developmental information which includes local resources where parents can find help or enrichment for their child. Parents can earn "Kid Cash" by completing activities that are beneficial for their child's development. The innovative, well liked program has struggled in recent years due to reductions in state funds, private endowments at foundations and business revenues.

Federal funding for parent education programs waned during 2000-2008. However, in 2009, interest in the very successful Nurse Family Partnership Program, Early Head Start and intensive programs for low income minority families hold promise as new federal funding streams to support parents gain favor in congress.

Social Emotional Health Care

There is growing concern from parents and early childhood professionals over the prevalence of clinically significant emotional and behavioral disabilities in young children. Estimates are that between 4-10 % of very young children have behaviors severe enough to warrant removal from preschools. As a result, communities have initiated programs to provide consultation services from mental health professionals to child care providers and parents.

The knowledge regarding the emotional responses experienced by very young children has been debated in society for the centuries. As a result, information on the importance of children's responses, bonding, discipline and long term effects of trauma has been conflicting. Within the past 40 years, research on children's social emotional health (Bavolek, 1979; Bowlby, 1969; Perry, 1995; Shonkoff, 2000) demonstrated that bonding and nurturing families are critically important for the brain architecture and healthy development of the infant. Our family structures have also changed in the last 40 years resulting in more children being raised with less stability and spending more time in out of home care. Parents who are depressed or emotionally unavailable for their children compound the problem. Interventions must be available for the child, parents and caregivers to support healthy social emotional development.

From federal and state sources in 2007, Genesee County received \$898,907 to fund therapeutic and parent education services with an additional \$267,318 allocated from local sources. Mott Children's Health Center, a privately funded organization provides behavioral support services to Genesee County children and families living at 200% of the poverty level. The largest publicly funded agency to provide mental health services is Genesee County Community Mental Health. A system of care for children with severe emotional disturbances is being developed to coordinate and inform parents about services ranging from a variety of agencies that provide support for children's behavioral concerns.

Conclusion

The long term effects of children growing up in poverty with inadequate family and community resources are violence, poor health outcomes, low educational attainment and unstable families. In 2007, Genesee County relied on federal and state funding (often federal flow-through funds) to provide resources for programs to serve low income families. The reduction in state funding and the ability to obtain federal grants using state and local funds is in jeopardy in 2009 due to drastic reductions in state and local funding.

The need to break the cycle of poverty and increase educational attainment is more important than ever before in a knowledge economy. Research on the benefits of investing in high quality early childhood programs abounds. The community must develop new strategies to prioritize funding to make use of available funds in new ways. Examples include shifting the Elementary Secondary Education Act Title I funds to serve a greater proportion of preschool children than current allocations. Funders in Minnesota are working together to provide scholarships to families that cannot afford high quality early care and education. The return on their investment will be in reduced need for other programs designed to provide interventions for youth that are struggling in school and society. Including early childhood education in federal, state and local grant opportunities would also move toward equalizing the funding available to infants, toddlers and preschoolers compared to children in K-12 and college.

Physical care and access to needed medical services is necessary to provide a healthy foundation to support future physical, emotional and cognitive development. Exploring a pediatric medical home model is one way to address cost reductions and effective services for children covered by Medicaid. The model is supported by the American Academy of Pediatrics and has shown success in pilot programs. Implementing a model locally would require community investment to finance the start up costs of a program.

Child maltreatment has long term implications for the victim and the community. Increasing funds available for infant mental health, maternal depression and social emotional support for children is imperative. Reprioritizing available funding streams to provide services to the very young and adults raising children is necessary to break the cycle of abuse and give children the chance to grow up in nurturing environments that they will then pass along to the next generation.

The partners of the Great Start Collaborative are dedicated to working together to improve the system of supports and services to young children. Changing financing streams will take knowledge and commitment to use scarce resources in new ways and defend the change against the status quo.

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