

The case for funding Smart Start, More at Four

STORY BY Kenneth Dodge, Helen Ladd and Clara Muschkin

Special to *The Herald-Sun*, Sunday, April 3, 2011

In these challenging economic times, taxpayers are asking North Carolina legislators to make objective and thoughtful budget decisions that will save dollars for everyone. With this perspective in mind, we have undertaken an analysis of how the state's financial investment in the Smart Start and More at Four initiatives affects children's educational outcomes.

Our findings indicate that the proposed budget cuts in either of these programs would end up costing rather than saving taxpayers' dollars.

Smart Start and More at Four have given North Carolina a national reputation as an innovator in early childhood education. Launched in the 1990s as a pilot initiative in several counties, Smart Start provides funds for high-quality child care and services supporting health, cognitive and social development from birth to age 5 statewide. More at Four, first implemented in several pilot counties in the early 2000s and now statewide, provides funds for high-quality preschool for at-risk 4-year-olds in the year prior to kindergarten.

In our study, we took advantage of the fact that funding for each of these programs was initially provided to only a small number of counties and then was disseminated statewide at different per-pupil funding levels across counties. We examined the relation between the variation in county investment levels and individual student outcomes in public schools, to address this question: Does the amount of funding that a county receives for these programs generate long-term improvements in academic outcomes on average for all children in that county? As part of our analysis, we included a large number of variables to control statistically for characteristics of individual children and their families at birth and to control for county characteristics that are constant over time. We found that the amount of Smart Start and More at Four funding provided to a county raises average third-grade reading and math test scores and lowers the rate of placements into special education for that county.

How large is the impact? At the current finding level, which is about \$1,250 per 4-year-old child (for all 4-year-olds in a community, not just those who participate in the program) for one year of More at Four and another \$1,250 per child for Smart Start (that is, \$250 per child per year for each of five years from birth to age 5), the impact on higher test scores from the combined programs is equivalent to about four extra months of schooling for every child in the county. The decrease in special education placement rates across the four years from kindergarten to grade 3 is about 15 percent.

What is the financial payoff? One school year currently costs about \$8,500 per child for every child in a county, and we estimate that one year of special education costs an additional \$8,500 per placed child. Based on those figures, the two programs will have paid for themselves in educational benefits by the

time children complete third grade. Moreover, with higher average test scores and fewer children in special education, the state's investment will have generated benefits many times over by the time these children graduate from high school.

Furthermore, the benefits of these programs go not only to those children who directly participate in them but to the entire group of same-age children in that county. How might such a spill-over effect occur? First, these programs increase standards for child care and preschool. In order for an agency to receive More at Four funds for just a few at-risk children in one preschool classroom, the entire classroom must reach specific standards in teacher qualifications and curriculum. Second, imagine a kindergarten classroom where even more children begin the year ready to learn. The teacher will spend less time managing behavior problems and remediating children who are way behind, and more time teaching the entire group of children. Everyone benefits.

Some have asked whether these two programs are redundant. Could the state cut one program and get just as much benefit by continuing the other program? The answer is no. Each program generates a unique benefit, and the two programs yield twice as much benefit as one program. So we ask North Carolina legislators to save taxpayer dollars by keeping, rather than cutting, these two initiatives. This is the time to make a financially conservative and business-wise decision.

Kenneth A. Dodge, Helen F. Ladd, and Clara G. Muschkin are professors at the Center for Child and Family Policy and the Sanford School of Public Policy at Duke University.