

Thrive by Three: Investing in Santa Cruz County's Youngest Children

A Time to Be Bold

Santa Cruz County is known for its innovative, collaborative approach to solving complex social, economic and environmental problems. Now, the Board of Supervisors and City Councils have a unique opportunity to change the trajectory of health and wellbeing for Santa Cruz County's youngest and most vulnerable citizens by establishing a **dedicated funding stream for early childhood development services**, using a portion of cannabis-related tax revenue, with the intent to:



- **Invest in the earliest years of childhood** (prenatal to three years old), during the most rapid and critical period of brain development.
- **Invest in evidence-based approaches** that achieve “breakthrough outcomes” for young children facing adversity by improving outcomes for their parents and caregivers, including:
 - ✓ Increased percentage of young mothers getting prenatal care in the first trimester
 - ✓ Decreased percentage of babies being born preterm and low birthweight
 - ✓ Decreased percentage of mothers and fathers reporting hardships and emotional distress during pregnancy and the child’s first three years of life
 - ✓ Improved parental confidence, parenting practices, and parent-child relationships
 - ✓ Decreased rates of substantiated child maltreatment and entries into foster care among infants and toddlers
 - ✓ Increased access to high-quality care and early learning opportunities for infants and toddlers
- **Invest in improving outcomes for children and families facing the greatest cumulative risk**, giving our community’s most vulnerable children equal opportunity to reach their full potential.

Prenatal to Three: It Pays to Invest Early

Every child deserves to be happy, healthy, and have equal opportunities to reach their full potential. **The first three years of life – starting in the prenatal period – provide the greatest window of opportunity to build a strong foundation for lifelong health and wellbeing.** During this critical period of development, a healthy brain forms 700 new neural connections every second, reaching 80% of the size of an adult’s brain by age three. Responsive, nurturing caregiving in safe, engaging environments fosters healthy brain development, laying a strong foundation for children to develop the social, emotional, cognitive and physical skills needed to thrive in school and throughout life.

However, not all children begin life with the same strong foundation. Exposure to chronic stressors (poverty and discrimination) or adverse childhood experiences (abuse and neglect, parental mental illness and substance abuse, or family violence) can disrupt healthy brain development, creating lifelong negative impacts on learning, behavior and health. As the number of adverse experiences in a child’s life increases, so does the risk for developmental

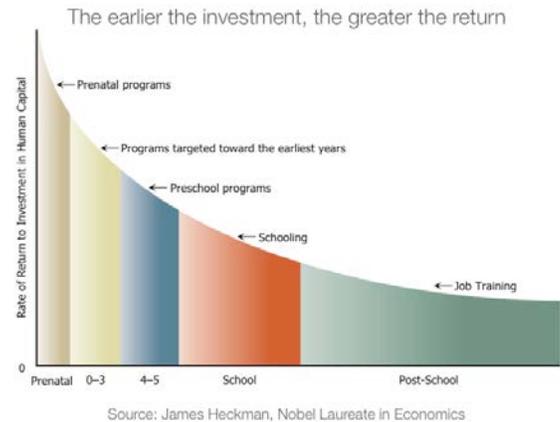
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delays, behavioral problems, low educational attainment, lower wages in adulthood, and poor health outcomes later in life, such as heart disease, diabetes, substance abuse and depression. The cumulative effects of adversity, stress and trauma are even greater for children who lack nurturing relationships with their parents and primary caregivers.

Scientists and economists agree that **investing in high-quality early childhood development programs**

– such as early care and education, developmental and behavioral health services, and parenting and family support – **produces the greatest benefits to children, families and society.** New research from Nobel Laureate James Heckman and colleagues shows that investments in high quality early childhood development programs for disadvantaged children can deliver a **13% annual return on investment** by improving life outcomes related to health, education, employment, and social behaviors,

which in turn decreases the costs to taxpayers for government-funded treatment and remediation services.ⁱ Similarly, benefit-cost analyses from the Washington State Institute for Public Policy show investing in evidence-based parenting programs yields as much as \$8 for every \$1 spent.ⁱⁱ Heckman states, “The highest rate of return... comes from investing as early as possible. Starting at age three or four is too little too late, as it fails to recognize that skills beget skills in a complementary and dynamic way. **Efforts should focus on the first years [of childhood] for the greatest efficiency and effectiveness.**”ⁱⁱⁱ



The Need to Invest Early in Santa Cruz County

While many young children and families in Santa Cruz County are healthy and thriving, there are also warning signs that too many young children are starting life at a disadvantage. Most notably:

- **Nearly one in five children under age five is living in extreme poverty**, and only 50% of all families in Santa Cruz County can afford basic living expenses.^{iv}
- **Young mothers in Santa Cruz County are less likely to initiate prenatal care in the first trimester of pregnancy.** In 2015, only 71% of mothers ages 24 and under initiated prenatal care in the first trimester, compared to 84% of all mothers. The disparity is even greater among teen mothers – only 69% of mothers ages 19 and under initiated early prenatal care.^v
- **Babies born to Latina mothers are more likely to be born preterm (9%) or with low birth weight (7%),** compared to all mothers (8.5% and 6.7%, respectively).^{vi}
- Although the 2015 birth rate for teen mothers (ages 15-19) reached an historic low of 14.9 births per 1,000 young women^{vii}, **the teen birth rate for Latinas was significantly higher as recently as 2013** (44.2 per 1,000 young women).^{viii}
- **Mothers are reporting hardships and emotional distress during and after pregnancy that elevate the risk of poor child health and developmental outcomes.** In the 2013-14 Maternal and Infant Health Assessment Survey, nearly 16% of mothers in Santa Cruz County

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reported prenatal depressive symptoms, 15% reported postpartum depressive symptoms, 8% experienced intimate partner violence during pregnancy, and 5% reported they had no practical or emotional support during pregnancy. Another 5% of local mothers reported they had to move during pregnancy due to problems paying rent or mortgage, while nearly 4% were homeless or did not have a regular place to sleep during their pregnancy.^{ix}

- Although **the rate of substantiated allegations of child maltreatment** has been steadily declining in Santa Cruz County, the rate **remains higher for children under age three** (9.6 per 1,000 children) compared to all children (6.8 per 1,000). Within the birth – 3-year-old child population, **infants enter foster care at an exponentially higher rate** (10.1 per 1,000 children) than toddlers (2.6 per 1,000).^x
- **Fifty-one percent of mothers with infants are in the labor force,^{xi} yet there is an inadequate supply of high-quality child care for infants and toddlers, particularly for low-income working families.** In 2014-15, 55% of infants and toddlers in low-income working families qualified for full-time subsidized child care but were not enrolled.^{xii} Although this may partially reflect parental choice, it is more likely to reflect the difficulty in finding affordable, accessible, high-quality infant and toddler care. As a result, many working parents are forced to leave their children with untrained caregivers or in settings that do not provide high-quality care and education.

Taken together, these data point out risk factors that could pose lifelong threats to children's health and wellbeing. However, they also highlight opportunities to make targeted and effective investments that could change the course of health and development for Santa Cruz County's most vulnerable children.

Invest in “Breakthrough Outcomes” for Our Youngest Children

The growing knowledge base about brain development, adverse childhood experiences, and the interaction between genes and the environment (epigenetics) has led Jack Shonkoff, MD, of the Center on the Developing Child at Harvard University, to advocate for a shift in early childhood policy and practice to better reflect these four tenets:^{xiii}

- 1) **Early experiences affect lifelong health**, not just learning;
- 2) **Healthy brain development requires protection from toxic stress**, not just enrichment;
- 3) Achieving breakthrough outcomes for young children facing adversity requires using evidence-based approaches to **support the adults who care for them to transform their own lives**; and
- 4) More effective interventions are needed in **the prenatal period and first 3 years after birth for the most disadvantaged children and families.**

Other bodies of research support Shonkoff's recommended policy shifts, noting in particular that “the parenting that surrounds the child and the context in which parenting takes place have been found to be the best predictors of outcomes for children [and are] the ‘building blocks’ of children's health and development.”^{xiv} In fact, **supportive and responsive relationships with caring adults, particularly in early childhood, can prevent or reverse the damaging effects of chronic stress, adversity and trauma.**

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In its 2016 “Parenting Matters” report, the National Academies of Sciences’ Committee on Supporting Parents of Young Children identified the following **research-based parenting practices associated with positive child outcomes** for physical, social, emotional, behavioral, and cognitive development:^{xv}

- Contingent responsiveness (“serve and return”) – adult behavior that occurs immediately after a child’s behavior and that is related to the child’s focus of attention, such as a parent smiling back at a child;
- Showing warmth and sensitivity;
- Routines and reduced household chaos;
- Shared book reading and talking to children;
- Practices that promote children’s health and safety – in particular receipt of prenatal care, breastfeeding, vaccination, ensuring children’s adequate nutrition and physical activity, monitoring, and household/vehicle safety; and
- Use of appropriate (less harsh) discipline.

Based on the compendium of science and local indicators of risk, it’s clear that targeted, dedicated public investments are needed to achieve these “breakthrough outcomes” for the most vulnerable children and families in Santa Cruz County:

- ✓ Increased percentage of young mothers getting prenatal care in the first trimester
- ✓ Decreased percentage of babies being born preterm and low birthweight
- ✓ Decreased percentage of mothers and fathers reporting hardships and emotional distress during pregnancy and the child’s first three years of life
- ✓ Improved parental confidence, parenting practices, and parent-child relationships
- ✓ Decreased rates of substantiated child maltreatment and entries into foster care among infants and toddlers
- ✓ Increased access to high-quality care and early learning opportunities for infants and toddlers

Taking a Stand on Early Childhood Investments

Although there is a growing awareness of the importance of early childhood, local, state and federal policies have not yet aligned with the science and economics of investing in early childhood. The United States is among the most prosperous nations in the world, yet UNICEF ranks the U.S. as **26th out of 29 developed countries in overall child wellbeing**, measured by key health, education, housing, and economic indicators.^{xvi} It seems inconceivable that children’s overall wellbeing in the United States – the land of opportunity – could be so low, only slightly higher than in Lithuania, Latvia and Romania.

And yet this shocking fact is not entirely surprising, considering that in the United States:

- **Federal investments in children remained flat in 2014 at 10 percent of the budget**, compared to 44 percent spent on adults (via Social Security, Medicare and Medicaid) and 17 percent spent on defense. The children’s share of the federal budget is expected to decline even further, to below 8 percent by 2025.^{xvii}

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- Of the total public spending on child and family benefits in 2011, **only 14 percent was spent on early childhood (0-5 years old)**, compared to 41 percent spent on children 6-11 years old and 45 percent spent on children 12-17 years old. This meager investment in early childhood **placed the U.S. dead last among 30 countries** studied by the Organization for Economic Cooperation and Development (OECD). By contrast, the Scandinavian and Western European countries that rank highest in child wellbeing spent between 24 percent (Netherlands) to 35 percent (Iceland) on children 0-5 years old.^{xviii}
- Per capita expenditures on children 0-5 years old also place the U.S. in the bottom third of OECD countries. Norway, ranked by UNICEF as the second highest country in overall child wellbeing^{xix}, spent \$98,446 per capita on children 0-5 years old in 2011 – **more than four times the United States' per capita expenditures on early childhood** (\$23,214).^{xx}

At a local level, public funds tend to be restricted for purposes that fulfill state and federal mandates, many of which are intended to treat or remediate problems that are deeply entrenched in families and communities. In addition, many families who are economically disadvantaged or culturally isolated still face barriers to accessing the high-quality, proven programs that will create the opportunities for their children to succeed in school and life.

A rudimentary analysis of FY 2016-17 budgets indicates that the County and City of Santa Cruz are allocating approximately 4 and 8 percent, respectively, of their discretionary funds (formerly known as Community Programs now known as CORE Investments) for services for children ages 0-3 and their families. These low percentages shrink to less than 1 percent when early childhood investments are calculated as a percentage of the County's total General Fund (.04 percent) and the City's total General Fund (.10 percent).

The Santa Cruz County Board of Supervisors, the Santa Cruz City Council, and the Watsonville City Council have the chance to alter this trend by establishing an Early Childhood Development Fund, using a portion of cannabis-related tax revenue. **Creating this dedicated funding stream would make a definitive statement about the County's and Cities' commitment to invest in their youngest and most vulnerable citizens**, and could serve as a catalyst for strengthening the countywide system of early childhood development services by emphasizing prevention, innovation, accountability, and measurable results.

It is especially critical to seize this opportunity to dedicate a portion of the new cannabis cultivation tax revenue for early childhood development services, given **the progressive decline in Proposition 10 tobacco tax revenue across the state**. Over the last 17 years, First 5 Santa Cruz County has invested over \$63 million in health, early learning and family support programs to promote the optimal development of young children from birth through five years old. While these strategic investments have effectively improved the lives of thousands of local children and families, First 5 revenues alone cannot sustain or scale these efforts. In FY 2016-17, Santa Cruz County's allocation of Proposition 10 tax revenue is approximately \$2 million, less than half of the initial disbursement of \$5.5 million in FY 1999-00. **Given the scientific evidence about the importance of investing in the earliest years of childhood, we cannot afford to scale**

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back on our collective efforts to ensure that all children in our community have the same opportunity to thrive and reach their full potential.

Children's Funds: A Growing Movement

The County of Santa Cruz, the City of Santa Cruz, and the City of Watsonville have the potential to be part of a **growing global movement to establish dedicated local funding streams for children's services**. In addition to the early childhood investments made by European countries described earlier, many cities and counties in other states have established dedicated funding streams through various legislative and voter initiatives, including Portland (OR), Seattle and King County (WA), San Antonio (TX), and a collection of counties in Missouri and Ohio.

In California alone, over a dozen cities and counties have established or are in various stages of establishing such dedicated funding streams. A handful of relevant and timely examples are listed below.

- **San Francisco** became the first community in the nation to guarantee funding for children's services by amending the city charter and creating a dedicated Children's Fund in 1991. A 4% local property tax generates approximately \$70 million annually, which funds a wide array of early childhood and youth development services. San Francisco voters have renewed and expanded the Children's Fund two times since its inception.
- **San Mateo County** is implementing "The Big Lift," a collective impact initiative to close the achievement gap and improve third-grade reading proficiency. The Big Lift receives approximately \$10 million per year from Measure A tax revenue (½-cent sales tax approved by voter initiative in 2012) and \$7.5 million from the Social Innovation Fund (a program of the Corporation for National and Community Service).
- **The City of Oakland** established the Oakland Fund for Children and Youth (OFCY) in 1996 when voters passed the Kids First! Initiative (Measure K). The measure amended the City Charter to allocate a portion of the unrestricted General Fund for children's services. In 2009, voters reauthorized funding through 2022, specifying a 3% set-aside of General Funds for the OFCY (approximately \$14 million per year). Ninety percent of OFCY funds are allocated for direct services for children up to age 20, and 10% of funds are allocated for administration (staffing, evaluation, strategic planning, grant management).
- **Humboldt County** voters approved Measure S, a cannabis cultivation tax, in November 2016. The tax revenue will provide an estimated \$7.3 million per year of dedicated funding for an array of services, including child and family mental health programs.

A Time for Action

The science of risk and resilience in early childhood is no longer "nice to know," but rather an imperative for policymakers to take action. Now is the time for County and City leaders to demonstrate their commitment to creating equity and opportunities for all Santa Cruz County residents by establishing a dedicated funding stream for investments in early childhood development. The health, education, and wellbeing of our youngest and most vulnerable children depend on it. The safety and economic vibrancy of our whole community depend on it, now and for generations to come.

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Endnotes

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