

# Forefront

New Ideas on Economic Policy from the FEDERAL RESERVE BANK  
*of* CLEVELAND

## The Future of Financial Market Regulation

### **INSIDE:**

Slowing Speculation in Housing

Introducing the  
Cleveland Financial Stress Index

A Bad Bank, for the Greater Good

### **PLUS:**

Interview with Charles Calomiris

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## Reader Comments



### Stop Investing in Stadiums... Start Investing in Kids Forefront Fall 2010



**Stephanie  
Wright Byrd**

Success By 6<sup>®</sup>, a strategic initiative of United Way of Greater Cincinnati, is working to improve outcomes for young children in support of the organization's number one priority—“Children are prepared for kindergarten.” Our work is focused on improving the early childhood system by increasing access to high-quality early childhood education and best practice home visitation. The combination of these services, when targeted to reach at-risk children, prenatal through age 5, has proven to be effective in improving health outcomes and kindergarten readiness.

The current system too often falls short in meeting the needs of young children, in part due to misaligned goals among child-serving programs, insufficient funding of services, and inconsistent quality standards. In 2007, United Way established the Winning Beginnings campaign for early childhood to provide local, private resources to improve the system and increase access to quality services.

The scholarship model being piloted in Minnesota is a promising way of getting children into quality programs using demand-side incentives. Our strategies focus on both supply and demand. On the demand side we aim specifically

at getting children enrolled in programs that work, including Every Child Succeeds home visitation and the Cincinnati Public School Summer Bridge program, among others. On the supply side, working with 4C for Children, the local resource and referral agency, we help child care programs achieve and maintain quality standards through leadership development and coaching. We have established Learning Circles for quality-rated programs to understand how to use data to drive decisions and improve practice.

The work we are doing in the Greater Cincinnati community is an important part of the cradle-to-career education continuum, a philosophy that has been adopted by members of the local business, academic, and philanthropic communities. When state and federal policymakers incorporate early childhood education — prenatal through age 5 — into the education continuum, with funding, aligned standards, and consistent access, we will see improved outcomes for children and communities across the country.

**Stephanie Wright Byrd, MHA**  
**Executive Director**  
**Success By 6<sup>®</sup>**  
**Cincinnati, Ohio**



**Rebekah Dorman**

For those of us who have been working in the field of early childhood for years, the recent economic research of Art Rolnick, James Heckman, and others, demonstrating the high return on investment of early childhood programs, has literally changed the conversation we can have with both public- and private-sector leaders. We are now able to say investing in early childhood is not only the “right” thing to do—it’s the smart thing to do. We are indebted to economists for giving us this new perspective on our work and a new way of describing its impact.

In “Stop Investing in Stadiums... Start Investing in Kids,” Rolnick describes the Minnesota Early Learning Foundation and its new flagship program, Scholarship Plus. Rolnick outlines four key aspects of the work in Minnesota: Start early (prenatally), be able to go to scale, measure results, and engage parents. I am proud to say that in Cuyahoga County, Ohio, we have a 10-year old, nationally recognized, comprehensive early childhood system named Invest in Children built on those same tenets. Invest in Children is a public/private partnership staffed by the Cuyahoga County Office of Early Childhood, and we have the evaluation data to show that we are making a difference. Our independent evaluation is conducted by the Center for Urban Poverty and Community Development in the Mandel School of Applied Social Sciences at Case Western Reserve University.

The continuum of services we offer begins during the prenatal period and continues until the child reaches kindergarten. The continuum includes home visiting programs, health and behavioral health programs, and a number of child care initiatives to raise the quality of care across all settings for children 0 to 6 years. We are in the fourth year of our Universal Pre-Kindergarten Program, which provides

high-quality care to 1,000 preschoolers across the county and makes it accessible to low- and moderate-income families via parent scholarships. Many of our families access multiple programs, according to their needs and the age of the child, and over 160,000 children have been served in the past decade.

Here are some of our evaluation results:

- Medical concerns were addressed at 39 percent of the nurse home visits to mothers and their newborns, potentially avoiding more costly forms of medical care.
- Eighty-six percent of low-income families in our Medical Home Pilot Program brought their child to all of their well child visits during the first year of life as compared to a rate of 40 percent in the general Medicaid population.
- Children in our Universal Pre-Kindergarten Program entering the Cleveland Metropolitan School District scored three points higher on the Kindergarten Readiness Assessment for Literacy than average for the district. In addition, children who had scored the lowest on cognitive measures upon entrance to the program showed the most significant gains at exit.

We are all aware that tough choices lie ahead on state and local budgets. It is our hope that at a time when funds are tight, policymakers will use limited dollars where they can have the greatest impact. We encourage private funders to do the same. In the words of Rolnick, “I think it’s important for communities to get their priorities in order to make it clear that this is an area we can’t afford not to invest in.”

**Rebekah L. Dorman, PhD**  
**Director**  
**Office of Early Childhood Invest in Children**  
**Cleveland, Ohio**

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## Using the CRA to Fight Vacancy and Abandonment

*Forefront Spring 2010*

While I don’t disagree with the proposal of using CRA money to fight vacancy and abandonment, this situation would not have occurred had the banks not created it through foreclosure in the first place. Though this proposal would assist with rebuilding neighborhoods, it would be of greater assistance not to allow this situation to occur in the first place.

One of the biggest issues nationwide is banks’ reluctance to write off principal and allow moderate-income families to stay in their homes. Then, adding insult to injury, these homes remain vacant, until the bank writes off the loan,

then sells the property at auction for less money than the original homeowner (who now is unable to obtain another mortgage due to foreclosure and bad credit) could have paid.

In addition to these measures, CRA funds should be used to allow those who have suffered foreclosure to receive alternate mortgage loans with no time frame penalties, and also be used to write down principal. It has never made sense to me to foreclose on someone and then sell their house for a price that the original owners could have paid.

**Jody Veler**  
**Egg Harbor City, New Jersey**