Back to School
Prioritizing Education in Community Development Efforts

The Power of Preschool
Early Investment Yields Solid Returns

The Economics of Early Childhood Development as Seen by Two Fed Economists

Linking Community Development and School Improvement
An Interview with Professor Mark Warren

The Community Development and Education Connection
As the mother of a 4-year old, it's easy for me to get passionate about the quality of education in the United States. Most of the parental chatter at the playground revolves around finding childcare, deciding whether to go public or private, and wondering if our kids will have teachers who inspire them to new levels of curiosity and insight. But it wasn't until we started a research project on the effects of concentrated poverty that it hit home how central schools are to our work in community development. In poor communities across the country, students are not getting the opportunity to learn the skills they need to succeed in today's labor market, often perpetuating the intergenerational and neighborhood poverty we are trying to address in our work.

In this issue of Community Investments, we've brought together articles from scholars and practitioners who are no less passionate about ensuring that all kids have access to high quality education. The issue devotes considerable space to the topic of early childhood education. Research has shown that programs to support early childhood development, such as publicly-funded preschool for low-income children, generate important life-long benefits and are well worth their up-front costs. We're especially honored to highlight the work of Arthur Rolnick and Rob Grunewald from the Federal Reserve Bank of Minneapolis.

We also devote a separate section to the links between schools and community development and explore how those of us in community development can think about schools as important partners in our work. We interview Professor Mark Warren of Harvard University, who has studied how neighborhood schools can help to build strong communities. Professor Deborah McKoy describes an innovative program at UC Berkeley that turns youth and education into an integral part of urban planning efforts. If you want to be inspired, read Principal Deb Drysdale-Elias's essay on the changes that have happened in Yuma, Arizona. And take a look at the new County Bank branch in Fresno—it's in a high school!

We see this issue as a first step towards understanding how to build stronger links between community development efforts and educational reform. Let us know if you have examples of innovative efforts in your community—we'd love to share them.
Back to School
Prioritizing Education in Community Development Efforts

“In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education.”


By Carolina Reid

Introduction

More than 50 years after Chief Just Earl Warren penned the words above, the link between education and opportunity is as profound as ever. Indeed, as many sectors of the economy have undergone restructuring and technological advancement, the value of a high quality education—particularly a college degree—has become increasingly important in determining an individual’s economic prospects.

As Figure 1 shows, over the past few decades, the wage gap between college graduates and those with a high school education or less has widened dramatically. Today, workers with a college degree will earn nearly twice as much over their lifetimes as those with a high school degree; workers with professional degrees will earn almost four times as much.

Yet many children—particularly those living in low-income and minority households and communities—fail to graduate from high school, let alone earn a college degree. The inequalities in access to a high quality education and achievement are evident at every step in a child’s life. Children living in low-income households are less likely to be enrolled in preschool, thereby missing out on developing important cognitive and social skills that influence future academic success. By grade four, more than half of low-income children score below a basic level in reading, and one in three score below basic in math, a much lower percentage than their wealthier peers. (See Figure 2) By high school, students from low-income families drop out of high school at six times the rate of those from wealthy families.

And African Americans and Latinos are significantly less likely than whites to enter college and earn a college degree.

Teasing out the underlying causes for these disparities is a challenge in its own right, let alone trying to develop the appropriate policy responses. But viewed through the lens of housing and community development, it is obvious that there is a strong link between poverty and educational attainment, a link that affects not only children and their families...
but communities as well. Which leads us to the question that lies at the heart of this issue of Community Investments: how can those of us traditionally focused on community development contribute to improving access to a high quality education for low-income and minority children, and in the process help to catalyze equitable and sustainable neighborhood revitalization?

In this article, we begin to explore this question by first reviewing the academic literature that examines the links between poverty, neighborhoods, and academic achievement. We then turn to a brief look at the achievement and funding gaps that affect the quality of education in low-income communities. The article concludes by highlighting how the community development field can help to close the achievement gap, from supporting investments in early childhood education to developing programs that increase the financial literacy of our nation’s youth.

Links among Poverty, Neighborhoods, and Academic Achievement

In 2005, nearly 13 million (17.6 percent) people under the age of 18 in the United States were living in poverty. A wide body of research demonstrates that the consequences of growing up poor are far reaching, affecting access to prenatal care, birth weight, and immunizations; behavioral problems; juvenile delinquency, drug and alcohol use, and teenage pregnancy, to name just a few. These pathways often overlap, ultimately impairing the cognitive development and lowering the educational outcomes of children.

One area of remarkable agreement within the research community is that poverty’s main impact occurs during the pre- and early school years. Independent research in economics, developmental psychology, and neurobiology has shown that it is in these early years that children build the cognitive, linguistic, social and emotional capacity that lays the foundation for later academic and economic success. It is during this time that children are most vulnerable to the consequences of living in poverty and its long-term effects.

Recent research has also focused on the importance of neighborhood poverty in determining student’s educational outcomes, although with less consensus on its effects than in the area of early childhood development. Nevertheless, most studies tend to show higher school dropout rates, lower grades, and lower levels of college attendance among youth living in low-income communities than among youth in wealthier neighborhoods. Researchers have theorized how neighborhood poverty affects educational attainment in a number of ways, from the lack of resources and poorer quality schools to the effect of peer networks and social norms that fail to value and promote student engagement and achievement. Frequent moves—prompted by financial instability and/or the lack of quality affordable housing—can also have a negative impact on children’s academic achievement, as well as disrupt teaching in the classroom.

These poverty and neighborhood effects matter because public schools—particularly in large urban areas—are highly segregated by both income and race. According to one estimate, one in three public schools is “high-poverty,” meaning that half or more of the student body is eligible for free or reduced-price lunch. Nearly one in two African American
and Latino students in 4th grade attends one of these high poverty schools, compared with only 5 percent of white students. These patterns of racial and economic segregation in public schools lead to a complicated constellation of inequalities that affect both school quality and student academic achievement, with resounding effects for poor children’s future labor market opportunities.17

**Academic Achievement**

Providing a snapshot of educational quality and educational attainment is far from easy; not only are there problems with differences in data measurement and definition, but not everyone necessarily agrees on what measures are the most meaningful or how assessments should be conducted. With these caveats in mind, however, the National Assessment of Educational Progress (NAEP) is a nationally representative assessment of students’ achievement in areas such as reading, mathematics, science, geography and economics, and provides a useful measure for understanding differences in learning outcomes among different population groups and over time.18 While NAEP surveys students at multiple grade levels, in this article we focus primarily on the results for grade 4.

The story in the NAEP data is not all bleak. Since the early 1970s, most measures of academic achievement in math and reading at the elementary school level (Grade 4) have improved, not only for whites but also for African American and Latino children.19 Nationally, the gap between white and African American and white and Latino achievement levels has been closing. Between 1999 and 2005, in particular, NAEP scores for African Americans and Latinos improved markedly, reversing the widening of the gap witnessed during the 1990s.

Yet despite this positive trend, overall gaps in achievement among racial groups remain startling high. By the end of grade 4, African American, Latino and poor students of all races are already about two years behind other students—a gap that persists through high school.20 Figure 3 shows the results of the 2005 NAEP assessment for the states of the Federal Reserve’s 12th District. Among 12th District states, California’s poverty gap is the widest, with low-income students scoring 27.6 points less than their higher income peers on a combined reading and math scale—equivalent to about 3 years of learning. Figure 3 also reflects the challenges of educating the large low-income, non-English speaking population in states like California, Arizona, and Nevada. In these three states, only about 1 in 3 students eligible for a free lunch is reading at a basic level or above, compared with more than half in states like Washington and Idaho.

**The Funding Gap**

These disparities in academic achievement are the result of a complex set of interwoven factors—from levels of parental education, language barriers and readiness for school to differences in teacher quality and access to educational resources. But there is no doubt that inadequate funding plays an important role in perpetuating the achievement gap.21 In most states in the Federal Reserve’s 12th District, per capita student expenditures are well below the national average, and four states—Utah, Idaho, Nevada, and Arizona fall in the bottom quintile. (See Figure 4) In addition, there are significant gaps in funding between poor and non-poor schools within states and even within school districts. Nationwide, the gap in funding between poor and non-poor schools has been widening in recent years. A recent study published by the Education Trust found that in 2004, the gap in funding per student between the highest and lowest poverty school districts was $1,307.22 In other words, a classroom of 25 students in a wealthy school district would have $32,675 more in funding for the year than a classroom in a poor school district.

**Figure 3: Percent of 4th Grade Students Scoring at a Basic Level or Above in Reading and in Math**

*(Poverty Gap Indicated Below)*

![Image](Image of Figure 3)

*Poverty Gap refers to the point difference in average scores between students eligible for a free or reduced lunch and those not eligible. Ten points are often interpreted as the equivalent of one year in school.*

*Source: National Center for Education Statistics, Mathematics and Reading Report Card 2005*
Public school facilities in low-income communities also receive the fewest dollars per student for building construction and renovation. In low-income communities—defined as neighborhoods where the median income in 2000 was less than $35,000—less than $5,000 was spent per pupil on school construction; in communities with a median income of over $100,000, the amount spent was more than double, at $11,500 per student. Moreover, the money spent on schools serving low-income students was more likely to fund basic repairs, such as new roofs or asbestos removal, while schools in more affluent districts were more likely to receive funds for educational enhancements such as science labs or performing arts centers.

While additional investments in public K-12 education may not be the magic bullet in terms of closing the achievement gap, these funding inequalities certainly impair schools with high numbers of poor students. Educating low-income children costs more, with additional resources often needed for language instruction, special and remedial education, teacher training, and counseling services. Without access to resources, these schools are even further disadvantaged in their ability to attract and retain high quality teachers, reduce class sizes, and pay for curriculum materials, computers, art supplies and elective activities that characterize high-quality schools.

Closing the Achievement Gap

Numerous proposals have been set forth to close the achievement gap, including school choice, vouchers, and charter schools. Perhaps the most ambitious endeavor in this regard—and certainly the one that affects the most students, is the No Child Left Behind Act (NCLB), signed by President Bush in 2002. NCLB is extremely comprehensive: within its 670 pages are provisions relating to everything from reading and math standards to counseling programs, school prayer, and dropout prevention.

Its main focus, however, is to improve the academic achievement of students in low performing schools, particularly in schools that receive Title I federal funds targeted for low-income children. In brief, NCLB requires states to adopt a specific approach to standards, testing, and accountability. The test results—broken down by poverty, race, ethnicity, disability, and limited English proficiency—are designed to hold schools and students accountable for academic achievement, and NCLB establishes sanctions for schools that do not meet annual test performance objectives.

Debates over the effectiveness of No Child Left Behind rage not only in the halls of Congress, but also in schools across the country. While most educators and policy-makers stress that the objective of closing the achievement gap is an important one—and praise NCLB for focusing attention on this issue—some are less sanguine about the ability of NCLB to meet that objective. For example, many critics point to inadequate funding: appropriations for NCLB have fallen far short of what the bill authorized. Moreover, NCLB’s sanctions often reinforce funding disparities between wealthy and poor school districts, since they impose additional costs to meet federal mandates without creating mechanisms to reallocate resources across districts.

Even if NCLB were adequately funded, it is unclear whether it fully addresses the reforms needed to close the achievement gap. Increasingly, it is becoming clear that
In 1962, 123 low-income, African-American children in Ypsilanti, Michigan began changing the course of American social policy. The children, all 3 or 4 years old, began participating in the Perry Preschool Project. Children in the experiment attended a part-day, school-year program for one or two years, aimed at enhancing their language, math, logical reasoning, and social skills before they entered kindergarten. The theory behind the Perry experiment—a randomized, controlled trial—was that preparing children, especially low-income children, for formal education in the early years would give them a leg up once they entered kindergarten.

That hypothesis proved correct—and dramatically so. The Perry Preschool Project children are now in their 40s, and the benefits of their time in preschool continue to accrue, both to the individuals and to society as a whole. Perry participants fared better in the K-12 education system, repeating fewer grades, needing fewer special education services, and graduating from high school at higher rates than children in the control group. As adults, their earnings were higher, their rates of welfare receipt lower. And they were much less likely to have become teen parents or been convicted of a crime. In 2000 dollars, the Perry Preschool Project invested $15,166 over two years in each child. By the time those children reached age 40, the economic return to society from the program was $258,888, or more than $16 for every dollar invested. (See Figure 1)

The Power of Preschool
Early Investment Yields Solid Returns

By Kathleen Reich
Program Officer and Leader, Preschool Grantmaking
The David and Lucile Packard Foundation

Perry helped launch a movement to expand high-quality, publicly-financed preschool for children in the United States, particularly low-income children and increasingly, English language learners. This article describes the research basis for that movement; how leading economists and business leaders have developed a business case for preschool investment; challenges facing pre-K expansion; and efforts in the Federal Reserve’s 12th District, as well as nationwide, to ensure that more children in the United States enter kindergarten prepared to succeed in school and in life.

The Benefits of Early Childhood Education

Perry helped spark the growth of dozens of publicly-financed preschool programs. The largest is the federal Head Start program, with a budget of $6.78 billion to serve 909,201 children nationwide in 2006. At least 40 states—including Arizona, California, Nevada, Oregon, and Washington within the Federal Reserve’s 12th District—also invest in state-funded pre-kindergarten, mostly for 4-year olds. Most of these programs are targeted to low-income children or children who are defined as “high-risk” for poor outcomes in elementary school, but a few states now guarantee universal preschool for 4-year olds.

As public investment in these programs has grown, so has the evidence base to justify that investment. Perry has long been subject to criticism for its small, relatively homogeneous sample, but evaluations of significantly larger public...
"Preschool for all"—the slogan sounds great, but unless it translates into a high-quality education for three and four year olds it's a cruel hoax. Great prekindergartens can make the kind of lifelong differences that have excited economists and others, from police chiefs to CEOs. But bad preschools won't help kids—indeed, they may even do damage.

It isn't only the usual suspects, the educators and child psychologists, who are talking up effective pre-kindergarten. Take Lori Taylor, a former Federal Reserve Bank economist. Taylor, who is now an assistant professor at the Bush School for Government and Public Service at Texas A&M, studied the economic impact of pre-k for the Texas legislature. She concluded that preschool is a smart use of public dollars—but only if it delivers high-caliber education. "The increment is well worth spending," she said. "Invest in high quality and the return is high quality. You get nothing back from substandard programs."

Just what does quality look like? For a start, it means small classes taught by well-trained teachers who rely on a research-based curriculum, teaching in a preschool that actively engages parents in their children's education. From North Carolina to California, Oklahoma to Florida, I crouched in pre-k classrooms while writing The Sandbox Investment: The Preschool Movement and Kids-First Politics. I watched as children at well-endowed places like the 92nd Street Y in Manhattan and the University of Chicago Lab school busily explored new worlds—but what I witnessed in far poorer communities was exciting and eye-opening.

Walk into Laurence Hadjas's class at Ray Elementary School in Chicago, and you'll see the concept of quality come to life. The children represent a Noah's ark of racial and ethnic diversity, and their teacher, who has come to Chicago via Algeria and France, is a master at her craft.

For much of the day these kids choose what they want to be doing. Hadjas is constantly walking around the room, taking everything in and helping the children solve problems that emerge from their projects. In one corner, four kids are building a bridge with Legos. Seeds are beginning to sprout in a planter box, and in the lie-down nook, a girl leafs through a picture book. Two boys are feeding a bottle to a doll in the doctor's office. A pottery shard sits in a box of sand; one of the children has brought it in, and Hadjas has recruited an archaeologist from the university to talk about what can be learned from such a piece of clay. There's a folder full of menus from neighborhood restaurants, and the prices for take-out pizza help kids learn about numbers. Amid the buzz of activity, the room is a picture of order. The children have learned to take their turn, to put their things away, not to mix up the pieces from different games.

Ideally every three- and four-year-old would get an education as good—as rich and playful, as word-stuffed and idea-filled—as this. It's not an impossible dream. While Hadjas has an instinctive sense of how kids learn, she believes that "everything I do can be taught to other teachers," and she spends several evenings a week doing just that.

Hadjas's classroom is free—part of Illinois' ambitious publicly financed pre-k program for three and four year olds. It's just one example of what quality preschool can look like. At the Chicago Child-Parent Centers, whose long-term impact has been amply demonstrated, parents are involved in their children's education both as learners and collaborators. The centers, in the poor, mainly black and Hispanic neighborhoods of the city's West Side, each has a room where parents can hang out; classes for parents range from basic literacy and sewing to GED preparation; there's a class on how parents talk with their children and another for new fathers. The teachers are experienced, and their teaching is language-saturated. "Words, words, words" is the centers' guiding principle—that makes great sense, for poor kids enter kindergarten having heard tens of millions fewer words than the offspring of professionals.

In Chicago and elsewhere, the best preschools work small miracles. These are the kinds of places that can reshape the arc of children's lives—that's what makes prekindergarten, when well executed, a no-brainer public investment.

David L. Kirp is a professor at the Goldman School of Public Policy, University of California at Berkeley. The Sandbox Investment: The Preschool Movement and Kids-First Politics, earlier excerpted in the New York Times Sunday Magazine, has just been published by Harvard University Press.
preschool programs also have demonstrated impressive results. For example, a study of 1,539 children who began attending the Chicago Parent-Child Centers preschool program at ages 3 and 4 showed that they demonstrated higher cognitive skills, greater school achievement, and less use of school remedial services in early adolescence. They also had significantly higher rates of school completion and lower rates of arrests by age 20.4

Most recently, a study of 4-year olds attending the universal preschool program in Tulsa, Oklahoma showed that the children experienced significant cognitive gains, including between 7 and 8 months in Letter-Word Identification and 6-7 months in spelling, compared with children who did not attend.5 The largest effects were found for Hispanic children, Native American children, and low-income children, although statistically significant effects were found for more economically advantaged children as well.

Taken together, the body of research on publicly-financed preschool programs indicates that preschool is among the more effective educational and social interventions in which policy makers and parents could choose to invest. Upper-income parents have already learned this lesson; most of these families pay for private preschool. But among low- and moderate-income children, rates of attendance are much lower.

Much of the reason for this is economic: the average cost of part-time preschool for one academic year averages $4,022 in California, more than the cost of a year attending a California State University full-time.6 Some private programs charge much more than that, and the RAND Corporation has estimated the cost of providing high-quality part-time preschool in California at about $5,700 annually.7 State-funded programs do not come close to meeting the need for preschool even among low-income children. Head Start, for example, serves about 50 percent of eligible children.8 Preschool is not available to many of the children who need it most: those students who are most likely to be under-prepared for rigorous academic standards of the K-12 educational system.

**Does Preschool Make Good Business Sense?**

Although investments in preschool have stagnated at the federal level, states have dramatically increased public funding for state-run preschool programs in recent years. In 2006, 31 states increased funding to early childhood programs, appropriating more than $450 million in new money, and no state legislature voted to decrease funding to state-run preschool programs.9 Total funding for state preschool programs now exceeds $3.3 billion per year nationwide.10 In many states, this investment has been powered by business leaders and economists, including economists within the Federal Reserve System.

Two of the most influential scholars in this area are Arthur

---

**Figure 1: Costs and Benefits of Two High-Quality Preschool Programs**

<table>
<thead>
<tr>
<th>Chicago Child-Parent Center</th>
<th>Perry Preschool Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures participants until age 21</td>
<td>Measures participants until age 40</td>
</tr>
<tr>
<td>$6,692</td>
<td>$15,166</td>
</tr>
<tr>
<td>$67,937</td>
<td>$258,888</td>
</tr>
</tbody>
</table>

Rolnick, Senior Vice President at the Federal Reserve Bank of Minneapolis, and Nobel Laureate in Economic Sciences James Heckman of the University of Chicago. Rolnick and others argue that, instead of being seen strictly as an educational intervention, preschool should be viewed as an economic development investment—one that significantly outperforms more traditional investments in business and job creation. They also argue that society is significantly under-investing in preschool, and that preschool investments must be sufficient to produce high-quality programs, where the highest returns have been documented.11

Heckman’s work focuses on the benefits of preschool (and other interventions in early childhood) that accrue to the individual worker, and ultimately to U.S. productivity rates as a whole. He points out that 20 percent of American workers are functionally illiterate and innumerate, that these workers create a drag on the economy, and that knowledge and skill gaps develop within the first 5 years of life. “On productivity grounds alone, it appears to make sound business sense to invest in young children from disadvantaged environments,” Heckman has written. “An accumulating body of evidence suggests that early childhood interventions are much more effective than remedies that attempt to compensate for early neglect later in life.”12

Arguments like these have won broad acceptance within the business community. In Florida, former newspaper
publisher David Lawrence led a successful, bi-partisan effort to enact a constitutional amendment guaranteeing the right to preschool for every 4-year old in the state. In California, the late Lewis Platt, former CEO of Hewlett Packard and Chairman of Boeing, appeared in a public service ad promoting preschool, along with billionaire developer Eli Broad. BusinessWeek has named preschool one of its “25 Ideas for a Changing World.” And major philanthropies, including the David and Lucile Packard Foundation and the Pew Charitable Trusts, have invested significant resources to promote preschool expansion in California and nationwide.

Challenges to Successful Implementation

Despite the strong economic arguments in favor of increased public investments in preschool, particularly for disadvantaged children, significant challenges remain. First, and perhaps most obviously, is funding. Effective preschool does not come cheap. At a time when policy makers and the public are struggling to find the best ways to fix failing public elementary, middle and high schools, it can seem especially daunting to expand that system to encompass pre-kindergarten programs.

Ensuring that preschool programs are of sufficient quality to produce the results shown in the Perry Preschool Project, Chicago, and Oklahoma may be an even more formidable challenge. The National Institute for Early Education Research at Rutgers University has developed a set of 10 quality benchmarks for state-funded preschool programs (See Figure 2); the median score among states in 2005-6 was 6.5, and only two states met all 10 benchmarks.13

Finally, the question of who should get to go to public, presumably free preschool remains hotly contested. Advocates of targeted preschool programs argue that the most compelling evidence in favor of these programs comes from studies of low-income children, usually children of color; that these children are the same ones who are likely to experience achievement gaps in school and low earnings in adulthood; and that in an era of limited resources, it makes the most sense to invest public funds in preschool for the children who need it most.

Advocates of universal programs like the ones in Oklahoma argue that all children benefit from high-quality preschool, and that a publicly-funded universal program is the best way to ensure quality and accountability. They also point out that investments targeted to low-income children and families are chronically under-funded, compared with universal programs like Social Security, Medicare, and public education. Finally, they point out that in almost every state, universal public education begins in kindergarten, and few would suggest that parents, not the state, should shoulder the full expense of educating their 5- and 6-year olds. Why, they ask, is educating a 3- or 4-year old all that different? Indeed, in many European countries public education begins at age 4 or younger.

State Policies that Support Early Childhood Education

In the past year, several states in the Federal Reserve’s 12th District have embarked upon expansions of state-funded pre-K:

Figure 2: Quality Standards Checklist by States in the Federal Reserve’s 12th District

<table>
<thead>
<tr>
<th>Quality Standards Checklist</th>
<th>Arizona</th>
<th>California</th>
<th>Nevada</th>
<th>Oregon</th>
<th>Washington</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive early learning standards</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Lead teacher B.A. required</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Specialized teacher training in pre-K</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Assistant teacher CDA degree required</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Teacher in-service (at least 15 hours/year)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Maximum class size 20 or lower</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Staff-child ratio 1:10 or better</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Screening/referral and support services</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>At least 1 meal/day</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Required monitoring/site visits</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

Source: National Institute for Early Education Research, 2006. Alaska, Hawaii, Idaho, and Utah are among the 12 states that NIEER considers not to have a state-funded pre-kindergarten program.
Arizona: In November 2006, voters passed a ballot initiative that will raise $150 million annually to fund early health and education programs for children 0-5 through a tax on tobacco products. A portion of these funds will go toward preschool.\textsuperscript{14}

California: In June 2006, voters rejected a ballot initiative to create universal preschool system. However, later that year the state allocated $50 million to expand the existing pre-kindergarten program and $50 million in one-time funds for preschool facilities. Local communities are also investing in preschool; the Los Angeles First 5 Commission has allocated $600 million over five years to its universal preschool program, LAUP.\textsuperscript{15}

Oregon: In 2006, the state increased the Oregon Head Start Pre-Kindergarten program budget by $13 million to $41.6 million as part of a two year expansion that would fully fund Head Start in Oregon and serve 80 percent of all eligible three and four year olds.\textsuperscript{16} (See Box: The Children’s Institute)

Washington: In 2006, the state created a new Department of Early Learning to manage and oversee state-funded early learning programs and launched Thrive by Five Washington, a private-public partnership also designed to expand early childhood services and fund programs to increase school readiness.\textsuperscript{17}

Impressive as these investments are, states in other regions of the country have made even greater strides. In Florida, Georgia, and Oklahoma, the state guarantees universal access; any child who wants to attend a state-funded preschool program may do so, free of charge. Florida’s program went into effect in 2006, but in Georgia and Oklahoma, where the programs have been in place since the 1990s, about 70 percent of all 4-year olds attend. Other states, including Illinois, New York, and West Virginia, have made legislative commitments to phasing in universal preschool, starting with low-income children first.

**Conclusion: The Role for Business**

Thanks to the work of the Federal Reserve Bank of Minneapolis and others, preschool is no longer seen as a nice thing to do for low-income kids, or even as simply an important measure for enhancing school readiness. It is now seen, appropriately, as a driver of future worker productivity and economic competitiveness. As policy makers and the public debate whether to expand publicly-financed preschool, and to whom, business leaders can play a critical role on the issue.

Local preschool planning efforts, as well as statewide early learning councils, need business perspectives and active participation. Business leaders can serve as passionate and unexpected champions for preschool investments. And banks in particular can support preschool expansion through thoughtful investments in financing preschool facility construction; in California alone, creating a universal preschool system would require facilities construction and renovation costs of approximately $2.16 billion.\textsuperscript{18}

One thing is certain: today’s 3- and 4-year olds are tomorrow’s workers, and they must be prepared to compete in an increasingly crowded global marketplace. Preschool gives proven bang for the buck in terms of raising student achievement, increasing worker earnings, and reducing crime. It is not a panacea for the problems facing children in the United States, but it is a solid investment with the potential for years of payoff.

The author thanks Aimee Eng for her invaluable research assistance on this article.
The Economics of Early Childhood Development as Seen by Two Fed Economists

By Arthur J. Rolnick and Rob Grunewald*  
Federal Reserve Bank of Minneapolis

In comments to business leaders in Omaha, Nebraska, regarding income inequality in the United States, Federal Reserve Chairman Ben Bernanke said, “Although education and the acquisition of skills is a lifelong process, starting early in life is crucial. Recent research—some sponsored by the Federal Reserve Bank of Minneapolis in collaboration with the University of Minnesota—has documented the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency.”

The research cited by the chairman is contained in several papers we have written over the past four years on the economic benefits of investments in early childhood education. In addition, we have participated in numerous meetings on this topic hosted by other Fed public and community affairs departments as well as our own.

So, why are we interested in the economics of our youngest children? Chairman Bernanke’s comments hint at the answer. Much research at the Fed is focused on monetary policy and banking issues; however, economists at the Fed also study how economies grow and conditions that affect growth. A key ingredient of economic growth is the quality of the workforce, and public investments in human capital development can have a positive impact. Economists—including those at the Fed—have been making this case for years.

We have gone on to argue that investments in human capital prior to kindergarten provide a high public return. Such investments—especially for at-risk children—can make a substantial impact on the success of children’s futures as students, workers and citizens in democratic society. That is, the most efficient means to boost the productivity of the workforce 15 to 20 years down the road is to invest in today’s youngest children. According to James Heckman, Nobel laureate economist at the University of Chicago, “Enriching the early years will promote the productivity of schools by giving teachers better-quality students. Improving the schools will in turn improve the quality of the workforce.” Moreover, we contend that investing in early childhood development yields a much higher return than most government-funded economic development initiatives.

For well over 20 years, government leaders at the state and local levels have invested in economic development schemes with public dollars that are at best a zero-sum game. In the name of economic development and creating new jobs, virtually every state in the union has tried to lure companies with public subsidies. Previous studies have shown that the case for these so-called bidding wars is shortsighted and fundamentally flawed. From a national perspective, jobs are not created—they are only relocated. The public return is at most zero. And the economic gains that seem apparent at state and local levels are also suspect because they would likely have been realized without the subsidies. In other words, what often passes for economic development and sound public investment is neither.

We don’t pretend to have all the answers to economic development, but we’re quite certain that investing in early childhood education is more likely to create a vibrant economy than using public funds to lure a sports team by building a new stadium or attracting an automaker by providing tax breaks. Several longitudinal evaluations all reach essentially the same conclusion: The return on early childhood development programs that focus on at-risk families far exceeds the return on other projects that are funded as

*Arthur J. Rolnick is a senior vice president and the director of research at the Federal Reserve Bank of Minneapolis, where Rob Grunewald is an associate economist. The views expressed are the authors’ and not those of the Federal Reserve.
To establish a successful, long-term commitment to early childhood development, we have proposed a permanent scholarship fund for all families with at-risk children. Similar to endowments in higher education, earnings from an endowment for early childhood development would be used to provide scholarships for children in low-income families who aren’t able to afford a quality early childhood program. The scholarships would cover child tuition to qualified programs plus the cost of parent mentoring to ensure parental involvement. Scholarships would be outcomes-based, meaning that they would include incentives for achieving measurable progress toward the life and learning skills needed to succeed in school.

Parent mentoring would include parent education; information about available financial, health, and human-services resources; and guidance on selecting an early-childhood-development program. Research shows that reaching children with multiple risk factors as early as possible is essential; even age 3 may be too late. So we suggest that while scholarships would pay tuition for a child to attend an early-childhood-development program beginning at age 3, the parent-mentoring program could start as early as prenatal.

What would such a permanent scholarship fund cost? In Minnesota, we estimate that a one-time outlay of about $1.5 billion—about the cost of two professional sports stadiums—would create an endowment that could provide scholarships on an annual basis to the families of children in Minnesota living below poverty. With the endowment’s funds invested in corporate AAA bonds, earning about 6 percent to 7 percent per year, we estimate that $90 million in annual earnings would cover the costs of scholarships, pay for program monitoring and assessments, and supplement existing revenue sources as needed for early childhood screening and teacher-training reimbursement programs.

Compared with the billions of dollars spent each year on high-risk economic development schemes, this type of an investment in early childhood programs is a far better and far more secure economic-development tool. We are confident that early childhood development investments driven by a market-based approach which focuses on at-risk children, encourages parental involvement, produces measurable outcomes, and secures a long-term commitment will achieve a high public return. However, the full return on investment will not happen tomorrow, but 10, 20, or more years down the road. In conducting monetary policy, Fed officials have a long-term view to keep prices stable and confidence strong in the value of U.S. money. Perhaps it’s not so surprising to read that the chairman of the Fed, economists and other Fed staff are interested in the impact of a long-term investment in our youngest children.
Expanding Effective Early Learning Programs for Children in Oregon

By Swati Adarkar, Executive Director, Children’s Institute

After years of research, organizing and advocacy, a coalition in Oregon has won a major victory in expanding effective early learning programs for children who need them the most. In June, the Ready for School Campaign saw the results of its hard work when the State Legislature voted to increase the state's funding for Oregon Head Start Prekindergarten (OPK) by $39 million so that 3,200 more children can attend. OPK is a comprehensive high quality pre-kindergarten program for three- and four-year-olds living in poverty that works collaboratively with the federal Head Start program.

While investing in early childhood education may feel like the right thing to do, the campaign in Oregon demonstrated that it is a cost effective approach that produces multiple benefits. Children who attend quality pre-kindergarten programs arrive at school ready to learn, and have a chance to break the cycle of generational poverty. When parents don't have access to high quality early learning programs for their kids it often limits their ability to succeed in the workplace and can contribute to housing instability. Many communities are incorporating early learning into their poverty reduction strategies, and school districts are seeing the benefit of working with children before kindergarten.

Perhaps most intriguing is the argument that investing in early education can be a powerful economic development strategy. Recent work by economists has shown that early childhood investments can have a significant impact in creating higher tax revenues and lower social expenditures.

While the returns on these investments are significant, the long period before the economic benefits are realized, coupled with a family's inability to pay, calls for the type of public support that the Ready for School Campaign recently achieved. The Ready for School Campaign was formed in 2003 by a group of Oregon business and civic leaders. As its first action step, Ready for School focused on getting the Legislature to fully fund Oregon Head Start Prekindergarten. OPK was producing excellent results, but only reaching 60 percent of the eligible children.

The strategy had a number of advantages. First, starting with OPK allowed the Ready for School Campaign to draw on compelling research. Building an argument based on solid research and proven results was a key factor in the campaign's success. Second, the campaign kept the message focused and concrete: “We want the Legislature to fully fund OPK” was one that decision-makers easily understood.

As important as the message are the messengers. In this case, they were prominent business leaders who not only gave their names and financial support, but invested the time and energy to become fully educated on the issue and speak out. Ready for School Chair and founder of Viking Industries, Richard C. Alexander, testified at hearings and made close to a hundred visits with elected officials and opinion leaders to talk about the economic returns and educational benefits of investing in OPK. It helped, as Mr. Alexander often pointed out, that none of the civic and business leaders involved in this campaign “had a dog in the fight” or any financial interest in its outcome.

While the recent increase in state funding is an important victory, much more needs to be done to ensure that all of Oregon’s children come to school prepared to learn. Building on the momentum from its recent success, the Ready for School Campaign will now work to build a comprehensive early learning investment strategy for at-risk children 0-5.

“Quality pre-k programs are the most effective and best economic development plan you can have. Business is attuned to this because they see it as an economic issue as well as a social issue. Funding early education is right for the kids and it’s right for the state. It reduces crime, improves the workforce and increases the tax base. We’re going to have to convince everyone that this is a very, very good investment with a high rate of return. We can’t afford not to do this.”

—Richard C. Alexander, Founder of Viking Industries and Chair of the Ready for School Campaign (Oregon Business Magazine, May 2006)
What sense does it make to talk about school reform while the communities around them stagnate or collapse? Conversely, how can we succeed in revitalizing inner-city neighborhoods if we don’t make the schools better? In this interview, Mark Warren, Associate Professor of Education at Harvard University, argues that collaboration between schools and community development organizations is vital if we hope to revitalize neighborhoods and provide high quality education.

CI: How did you become interested in researching the links between communities and schools?

Professor Warren: For a long time, I’ve been interested in understanding what it takes to empower and revitalize urban communities. My earlier research focused on the role of community organizing as a strategy for doing that, and the importance of people becoming involved in efforts to make change in their own communities. Institutions are a critical part of that—particularly in low-income areas they can be seen as the anchors of many communities—and my early work focused on the role of congregations and faith based groups in community organizing.

But when you think about it, across the country, what types of institutions do you find in every neighborhood? You find congregations, and you find public schools. So I began by thinking about public schools as institutional sites for strengthening and revitalizing urban communities, and once I started doing that, I became very interested in the interconnections between the two. It struck me as very odd that those two worlds have, for the most part, existed separately in the United States for the last 30 to 40 years. Organizations that focused on neighborhood revitalization or community development weren’t focused on schools at all, and for schools, the communities were just the seen as the backdrop—or the problem—that the schools were facing.

CI: For most people, the link between schools and neighborhoods seems pretty intuitive—certainly for anybody who has kids and has looked for a place to buy a house.

Professor Warren: I think families on the ground understand it. And I think that more recently community based organizations have come to understand it. They might not know what to do about it, but they understand that they’re not going to be able to deal with the issues facing the families in the community unless the schools get better. Today, how children do in school is so fundamentally important to their prospects for future life, more so than twenty or thirty years ago when a high school degree still could lead to a middle class life. That’s no longer true. On the other side of
the coin, if families start to do better economically, perhaps even due to a community-based organization’s economic development efforts, they’re going to move out of the community if the schools aren’t that good.

Meanwhile, many public schools understand that communities matter, but they are isolated and overwhelmed. They don’t have links to community groups, and even if they think it would be a good idea to link the two together, they don’t have any concrete ideas for how to do it. So they keep their focus on curriculum reform and other within-school issues. But if you’re a school in a neighborhood where there’s a crisis in affordable housing, you may have a situation where 50 percent of the kids turnover every year. In this case, school reform is likely not to help at all. If we don’t start dealing with housing issues in these neighborhoods—and with jobs and other economic development issues—it’s almost silly to focus that much attention on schools. As Jonathan Kozol has written, if kids are coming to school without health care, we need to deal with that issue. As education professionals, to say that’s not our concern doesn’t really make sense to me. So I think, no matter how difficult, we need to find ways to link school reform with community development efforts.

CI: So how can we think about bringing these two disparate groups together?

Professor Warren: The idea of social capital can provide a useful framework for thinking about how to reconnect schools to their communities. When I talk about social capital, I am talking about the resources that are inherent in relationships of trust and cooperation among people. Relationships are important to making anything work, but particularly in places that lack human capital (e.g. education) or financial capital, social capital can play a very important role in bringing real resources into the community. It’s not a panacea that will solve all problems, but it helps to overcome the isolation characteristic of many inner-city communities.

All sorts of things can happen when these relationships are actively fostered. When parents build relationships with each other, then you really start to see a collective sense of efficacy and power that can mitigate against some of the unequal power relations that exist in poor communities. This in turn can help to ensure that local initiatives respond to the needs of families in the community. Some of the schools I have written about have used these relationships to build a large pool of parent leaders. In Chicago, for example, the Logan Square Neighborhood Association (LSNA) turned its considerable community development organizing background to the issue of education, engaging local immigrant parents in the schools and building their leadership capacity so that parents could become active decision-makers in the community. A number of initiatives have grown out of this, including a literacy ambassador program that brings teachers and parents into households in the community in the evening to read books out loud and to suggest strategies for helping children with reading. While the program focuses on improving literacy in the community, it also helps to further build the relationship between parents and teachers.

I think there are two important lessons from my research that can help to inform how to build these relationships. First, sending a note home in a student’s backpack will not be effective in getting parents to attend a meeting—particularly if they are already strapped for time. The best way to get people involved is if they’re asked personally by someone they know to get involved. Second, too often the schools or organizations fail to ask the parents what issues they’re interested in. It shouldn’t just be the professionals saying “This is what you should care about.” Instead, the starting point needs to be “What do you care about? What do you think can be done?” From there, it becomes possible to create meaningful collaboration between families and schools and build towards addressing issues like curriculum development that are central to teaching and learning.
CI: How can traditional community development organizations help to build these relationships?

Professor Warren: There certainly isn’t one way of doing it. The type of community you’re in matters, and the type of community development organization you are might matter. But there are at least three models that seem to be emerging in communities across the country. The first is the community organizing approach, reflected in the work of the Logan Square Neighborhood Association.

A second model is to approach schools as an institutional partner for providing some of the services in the community, like after-school programs, health care clinics, or community learning centers for adults. Part of the idea here is not just to create add-on services, but to use the services as a starting point for building relationships with the school and the wider community.

The third model is when community development organizations start a charter or semi-autonomous school that has as part of its mission reaching out to the community. The Camino Nuevo Charter Academy in Los Angeles is a good example of that. The Academy was started by Pueblo Nuevo Development (PND), a nonprofit community development corporation, in response to the educational needs of low-income immigrant families in the MacArthur Park neighborhood. 

In a series of conversations with local parents, PND learned that more than 16,000 children were being bussed out of MacArthur Park to schools in other neighborhoods, and the children of the neighborhood’s low-income Latino families were not faring well at these schools. Many parents told PND staff they wanted a neighborhood alternative for their children, and the idea for a new charter school emerged.

One of the unique features of Camino Nuevo Charter Academy is that PND has contributed to neighborhood revitalization in the neighborhood by renovating abandoned buildings for their schools. With financial support from LISC and LIIF, as well as from the philanthropic community, PND started its first campus in an abandoned mini-mall in the heart of the neighborhood that was an eyesore and contributed to the derelict feel of the community. Today, PND owns several school buildings and leases them to the charter academy, building financial equity that can be leveraged to invest in new properties. These projects continue to help reduce blight and spur others to invest in the neighborhood, making the community a more viable place for raising families. And since the families are much more strongly connected to each other through the schools than in the typical housing development, the schools become a way to build community capacity.

But it’s important to remember that charter schools are very hard to do well. I’m hopeful about the possibilities of these charter schools, but a lot of them—even successful ones like Camino Nuevo—struggle in the first few years to establish strong leadership. Showing an impact on educational achievement can be equally challenging. The changes take a long time. As hard as any other challenge—affordable housing, job training—has been, I think that school reform is probably the most difficult thing any of these community organizations has ever tried to do.

CI: What’s the potential to replicate these efforts in other communities?

Professor Warren: I think the key is that any effort has to start with reaching out and attempting to collaborate with the institutions that already exist within the community. Simply “scaling up” or applying the same model to every community won’t work. There must be an indigenous effort to build social capital and relationships, and to empower people at any particular school so that they really own what the reforms are. The best thing organizations engaged in community development—including financial institutions—can do is to look for promising things that are happening locally and support them, either financially, or by helping to build partnerships and connections to other resources and networks. In the end, it’s the social fabric of communities that will determine whether the schools work well and whether people stay and continue to invest in the neighborhoods. Community development organizations can be an important catalyst for helping to weave this social fabric and contribute to lasting change.
The Carver Park Story: Safe Affordable Housing Equals Student Achievement

By Deb Drysdale Elias, Principal
George Washington Carver Elementary School, Yuma, AZ

When I first started as the Principal of George Washington Carver Elementary School in 1992, the neighborhood was a very different place. Gangs, graffiti, and violence defined and dominated the Carver Park community. Children rarely played in the park across the street, families did not picnic there. From my office window, I witnessed drug deals taking place at park benches and had a clear view of the dealers' houses less than a hundred paces from the school.

Today, at the very spot where the drug deals went down, there’s a beautiful fountain adorned with metal animal and tree shapes that children can play in during Yuma’s hot summer months. The park is filled with families and activities — it’s a safe place for the whole community. The drug houses that I once observed from my window have been replaced with family-oriented single-family homes.

The change is remarkable—in five years, the neighborhood went from “blighted” to delightful. Drive through Carver Park today and you will see an 80-unit apartment building, 36 townhouses, 50 new homes on sites where only trouble existed before, and 60 rehabilitated homes, all of which provide safe and affordable housing for working families in Yuma. Carver School has a new building to replace the old, termite-infested structure, and the showcase Martin Luther King Community Center provides a home for teenagers, community events, and office space for non-profits.

The City of Yuma identified the Carver Park Neighborhood as an area for comprehensive revitalization in 2000 and worked with residents to design the Carver Park Revitalization Plan. But it took the work of every organization and family in the community to make the plan a reality. From the Arizona Department of Housing and HUD to the local Boys and Girls Club and Police Department to private investors and financial institutions, each played a vital role in addressing the multiple problems that exist in a community with a poverty rate of almost 50 percent. We tackled crime by implementing a community policing program and investing in street lights, and became an official Weed and Seed neighborhood site. We worked to bring new supportive youth, family, and elderly services into the neighborhood, such as domestic violence prevention, citizenship assistance, and summer jobs and job training for young adults. To date a total of $27.5 million has been leveraged for neighborhood revitalization, an impressive mix of federal, local and private dollars.

Carver School’s contribution to the revitalization was exceedingly important. As a landmark structure in the neighborhood, the school became the center and symbol of the revitalization. The school, a familiar and safe haven for our families, hosted community meetings, advisory board meetings, planning sessions, and became a point of contact and display point for survey results, minutes and agendas. An oversight board was created to ensure that the Revitalization Plan met the needs of the residents and the neighborhood. Among the charter members of the board were the school principal and two parents from the school. It was clear from the beginning that neighborhood revitalization and education were solid cornerstones for this plan’s success.

As the Principal of the local school, the revitalization of the neighborhood may not be part of my official job description. But I have made it a priority. I know that by providing affordable housing in a safe and stable neighborhood only good things—better attendance and retention, less violence, less vandalism—would result at the school. Has it made a difference in our test scores? You bet! In the last five years, 98 percent of Carver’s kindergarteners have achieved grade level standards in reading and writing. This is even more impressive when you consider that 75 percent of incoming kindergarteners speak no English. Students now enter my school from a point of strength and confidence that is bestowed upon them from the power of the neighborhood.

I encourage those committed to community development to embrace the little neighborhood school as you plan and design needed change. And I urge you to behave tirelessly as you seek to provide the incentives, grants, initiatives, tax credits and waivers that promote the kind of partnerships that created the miracle of the Carver Park story.
In its streets and alleyways, West Oakland, California, retains the vestiges of an historic past: The first black labor union, the Sleeping Porters Brotherhood, was born here in the 1920s; this was the heart of the West Coast jazz and blues music scene in the 1930s and '40s; and during the World Wars, shipbuilding industries on the Bay employed hundreds of community residents. That proud history, however, has given way to a challenged present. When its manufacturing employers withdrew in the 1950s, the community’s prosperity went with them. West Oakland today is afflicted by high poverty rates, abandonment and blight.

To tackle these issues, West Oakland is officially designated as a state and local community redevelopment area. Over the past ten years, two HOPE VI grants have financed local housing developments, and the area has received millions of community development dollars from foundation grants. More recently, market-rate housing development has moved in, as home buyers find themselves priced out of San Francisco and other more traditional middle-income and upper-middle income neighborhoods.

Concurrent with the neighborhood revitalization activities—but disconnected in terms of policy and planning—the local McClymonds High School also received financial help for comprehensive reforms. A Small Schools grant from the Bill and Melinda Gates Foundation, along with other private money, converted the large, comprehensive high school into three small schools, an action designed to improve student performance and create a greater sense of community within the school.

Like West Oakland, decaying urban neighborhoods around the country have become targets for community development, and like McClymonds High School, many urban public schools have been offered help to revive their faltering academic agenda. However, as was the case in West Oakland, these two programmatic efforts usually move forward with little collaboration, and sometimes even without one hand knowing what the other is doing.

This need not be the case. At UC Berkeley, the Center for Cities & Schools (CC&S) has been pursuing ways to not only engage schools and students in the urban planning process, but to build a framework for systemic change that will help to align community development with school reform.

The Community Development and Education Connection
Reviving cities, transforming schools and engaging young people in the process

By Deborah McKoy, Director, Center for Cities & Schools, U.C. Berkeley

The connection between good schools and good neighborhoods is intuitively clear and, for skeptics, the linkage is supported by research. It would seem logical, then, for school systems and community development agencies to work together. By tradition, however, public schools and the various agencies, public and private, that deal with community development have existed in separate silos. The original motivation for this strategy was to protect schools from the political wheeling and dealing that was thought to characterize city government. Over the years, however, the strategy has produced unintended but nevertheless negative

Engaging Youth in Urban Planning

One of CC&S’s programs, known as Y-PLAN (Youth—Plan, Learn, Act Now), has been working with McClymonds High School students to help them become engaged in the changes happening in West Oakland. Mentored by UC Berkeley graduate students, McClymonds’s students worked with local community groups, government agencies, and private developers to create a vision for the design of the 16th Street Train Station project. The station, the historic first western terminus of the transcontinental railroad, had long been out of service, a rundown abandoned place that bred nothing but trouble.

After considerable study, the students proposed a series of recommendations for the train station, including a job center, a student-run dining car restaurant, a performance and community space, and a photography exhibition highlighting the station’s relationship to West Oakland. The students presented their ideas to the Oakland City Council, which approved the plan with intentions of including the youth’s vision and ideas. “The train station for some families represents the beginning of a new life and I believe that’s very important,” wrote Samirah Adams, one of the student participants. The West Oakland model—one in which policymakers and principals in community development and public education communicate and collaborate—may represent the beginning of a new life for many similar communities.
outcomes, as community development and schools, both targeting the same neighborhoods for improvement, have lost the potential benefits of collaborative enterprise.

Recently, researchers, policymakers, and practitioners have begun to make progress toward integrating community development with educational policy and practice. Both LISC and the Enterprise Foundation have established programs that focus on school-centered community revitalization, and a series of reports have been published that show the benefits that can accrue when school reform and neighborhood revitalization go hand in hand. In Centennial Place in Atlanta, for example, a new public elementary school was built along with more than 800 new units of housing. Today, the school is one of the city’s best; about 90 percent of its students meet or exceed state standards in reading and math. The existence of the school has become a selling point for subsidized and market rate housing.

By and large, however, these are still idiosyncratic efforts, each designed to suit a particular situation or community; although they may eventually serve as models for use elsewhere, this wider application is not part of the original intent. Nor are there effective channels to foster communication and share best practices among various projects, with the kind of synergy this can build. As a result, there remains a gap between successful local efforts to bring together community development and school reform, and a broader effort to foster systemic change in the way we approach neighborhood revitalization.

To fill this gap, CC&S is taking a deliberate systems approach to addressing the historic disconnect between cities and schools. If high-quality education is a critical component of urban and metropolitan vitality, more resources need to be directed to understanding how community development and school reform can be linked institutionally—to change it from a “once in a while” approach to the “normal” way of doing business. What administrative and data collection procedures need to be changed to allow for cross-agency collaboration? How do we reframe the educational experience so it becomes relevant to all members in the community, not just those in K-12? How can we adjust the tools of community development finance—tax credits, loans, investment capital—to promote rather than deter collaboration? For example, while programs like the Low-Income Housing Tax Credit have effectively brought financial institutions into affordable housing projects, they do not promote efforts to think holistically about communities and invest in schools at the same time.

None of these questions are easily answered. But as a starting point, CC&S has launched the PLUS (Planning and Learning United for Systems-change) Leadership Initiative, a three-year program funded by the Walter and Elise Haas Fund, to see what lessons can be learned when community/school collaboration is put into practice. The goal of the Initiative is to identify promising approaches while at the same time develop educational and civic leaders—both on and off campus—who are aware of the importance of connecting city and school policies and practices.

As part of the PLUS Leadership Initiative, CC&S invited sixty officials and community leaders from six Bay Area cities—some of them representing school districts and others city government or related agencies—to participate in a year-long Institute. Participants have access to training and education, professional development, and opportunities to share ideas and challenges with other cities. While each city is pursuing its own plan, all PLUS city-school district projects have three common components: (1) they recognize that the built environment (e.g., innovative school facilities, joint use or affordable housing development) impacts learners and must be connected with traditional educational policy making; (2) they are developing intergovernmental strategies and practices; and (3) they are inviting youth to join in policy making, decision making, and practice. Because young people traverse not only school but home and community in the course of each day, the Center believes that their needs and realities must drive both educational and urban/metropolitan policies and practices.

In a recent meeting, each of the city teams shared ideas and described the resources and programmatic changes they have used to develop more coherent and coordinated pathways for children and youth to succeed in their communities, both as students and as citizens. For example, the Oakland Unified School District described its new Youth Data Archive (YDA), a data-sharing and data-integration collaboration in which school district, city, and county data will be merged to look at the needs of the whole child. The Emeryville team described the Center of Community Life, their effort to transform the school district into a learning campus for the entire city.

Based on the lessons and outcomes of this initial three-year project, the Center hopes to expand the PLUS model throughout California and eventually across the nation. The long term vision of this work is for urban and metropolitan communities and public education to create integrated and mutually beneficial policies, practices, and governance systems, enabling all students—from all communities—to participate and excel in our economy and democracy.
Youth Engagement in Planning Nationwide

A Convening in New Orleans
By Ariel Bierbaum and Alissa Kronovet

Over a hot late May week, young planners from around the nation convened as part of the Planners Network National Conference in New Orleans, Louisiana. Twenty youth and adult allies came from Brooklyn, the Bay Area, and New Orleans to show just what can happen when students are provided with an opportunity to engage in urban planning efforts. Over the course of 4 days, participants learned about the current situation in New Orleans and brought their unique skills and perspectives to the question “How can New Orleans be rebuilt into a vibrant, economically and racially diverse city?”

While city planning practitioners and community development professionals often seek to include diverse constituents, particularly as a way to ensure equitable development across regions, they often overlook young people as key stakeholders in the community. But youth have a unique and important perspective on how cities function for its residents. Across the country, a number of organizations and programs are seeking to enhance young people's civic participation, to fundamentally change city planning practice by integrating youth into public processes, and improve the educational system by integrating city planning and community development into school-based curricula.

Three such organizations joined together in New Orleans to grapple with the urban planning challenges facing the city after Hurricane Katrina. Students participating in the Y-PLAN program directed by the Center for Cities and Schools at UC Berkeley came to New Orleans after working on a real world planning project in Emeryville, where they had the opportunity to learn how to work with residents, community organizations, and city council. Three-thousand miles away, in Brooklyn, New York, students at the Academy of Urban Planning (AUP) had fine-tuned their urban planning and GIS skills through unique partnerships with community organizations, planning agencies, and local colleges and universities.

And down in the Big Easy, students at the O. Perry Walker Charter High School (Walker) have been collaborating with the non-profit, Communities In Schools of New Orleans, Inc (CISNO) to champion for connecting necessary community resources with schools to help young people successfully learn, stay in school, and prepare for life. The collaboration has spearheaded several successful initiatives for students, such as a youth leadership council that gives youth a voice during the city’s recovery. In partnership with Walker, CISNO has facilitated arts education, mass volunteer events, music performances, positive behavior support programming assistance, and professional development related to identifying trauma and building resilience.

Walker students acted as the hosts for this event, bringing their peers to New Orleans’s many distinct neighborhoods, including the French Quarter and the Lower Ninth Ward. This trip was both educational and emotional for participants, due to the intensity of this place and experiences that Walker students shared with the others. This was especially poignant when the students visited the Lower Ninth Ward and the site where the levies broke. Walker students shared their personal experiences of loss, relocation, and rebuilding. It was a powerful moment, as many of the young planners had never before left their native cities or met other young people with similar urban experiences to theirs.

The students quickly jumped into the planning challenge, bringing the skills that they have learned in their respective programs to bear in New Orleans. Building on Y-PLAN students’ experiences of working on client-driven projects, participants conducted a survey for the City of New Orleans Office of Recovery Management. In the Elysian Fields neighborhood of New Orleans, students walked door to door, assessing which units were re-occupied since Hurricane Katrina, and which remained vacant. Students also had the chance to speak with local residents and document their perspectives on the recovery efforts.

AUP students led a lesson on GIS at the University of New Orleans, where they discussed projects they had worked on documenting housing affordability issues in Bushwick, Brooklyn, and encouraged other students to examine their respective cities through this lens. And the Walker Youth Council invited their guests to a meeting to discuss their upcoming campaigns and work. Students and their adult allies also facilitated a participatory workshop at the Planners Network Conference entitled, “Youth Participation in Planning—Where do we Go from Here?” There was also time to socialize, at a spoken word recital by one student at the opening ceremony and a crawfish broil hosted by Walker High School.

At the end of the week, students left New Orleans with new relationships and with increased knowledge of urban planning skills and practice, knowledge that they will be able to apply back home in their own communities.
‘standards’ and ‘accountability’ fail to address the underlying causes for the achievement gap. In Class and Schools: Using Social, Economic and Educational Reform to Close the Black-White Achievement Gap, for example, Richard Rothstein argues that efforts to improve educational outcomes are likely to fail unless they also include efforts to close the economic and social gaps children face outside the classroom.28 We believe that two strategies are particularly relevant for the community and economic development field: expanding access to high quality, early childhood education and linking school reform with neighborhood revitalization.

Efforts to improve educational outcomes are likely to fail unless they also include efforts to close the economic and social gaps children face outside the classroom.

Early Childhood Education

Based on research alone, possibly the most important investment in this regard is to increase investments in early childhood education. As mentioned earlier, research has shown that the early childhood years are vital in terms of cognitive and social development, and represent a time when children are particularly vulnerable to the negative effects of living in poverty.

Why is early childhood education an issue for community and economic development? Longitudinal studies have demonstrated that high quality pre-school can provide substantial benefits to socio-economically at-risk children, with annual rates of return ranging between 7 percent and 18 percent, adjusted for inflation.31 (See Special Section: Early Childhood Education). As Arthur Rolnick and Rob Grunewald, economists at the Federal Reserve Bank of Minneapolis, argue in their article in this issue, these rates of return suggest that investing in high quality pre-school is an effective economic development strategy—one that outperforms building new sports stadiums or relocating businesses.

The childcare industry is also an important source of employment and business revenue. To provide just one example, in Washington state the early education industry includes over 9,000 small businesses and employs over 30,000 workers in licensed programs—more than either the retail apparel or hotel industry.32 Supporting this industry—by building childcare facilities and investing in childcare provider training, for example—can help formalize and increase the wages of those already providing childcare, and can support working families in the community needing childcare. In Los Angeles, for example, CD Tech is developing a strategy to improve the training and capacity of early child development providers, addressing both workforce development and childcare needs in tandem.

While few disagree about the benefits of early childhood education, there is less agreement about how to fund it. Financing for childcare and early education primarily comes from a patchwork of government programs, parental resources, and the private sector, and most of the cost burden still falls primarily to families.33 Expanding access to high quality childcare will require new financing mechanisms, from generating public revenues through innovative tax- and fee–based approaches to public-private partnerships that can provide capital investment for financing childcare facilities.

Linking Schools with Community Development

If access to high quality pre-school can help to mitigate the negative effects of living in poverty at the individual or household level, then community development and neighborhood revitalization are important strategies for mediating the effects of neighborhood poverty. Yet in many cases, community development efforts have failed to connect low-income families to strong neighborhoods with living-wage jobs and good schools; instead, they have reinforced their isolation from the rest of the economy by further concentrating affordable housing in poor communities.34

Increasingly, community development organizations are moving toward more comprehensive strategies for neighborhood revitalization that take into account local needs, build leadership among local residents and organizations and invest in both “people” and “place” based strategies for poverty alleviation. (See Community Investments, Winter 2006) Improving the neighborhood school should be a central part of these efforts. As Professor Mark Warren notes in his interview with Community Investments, the links between neighborhood poverty and schools are intuitive, and efforts to integrate education reform with community development are likely to do more than pursuing each of them alone. (See Special Section: Schools and Community Development)

Community based organizations, developers, and foundations have already been working in this direction, breaking down traditional divisions between school reform and community development to coordinate their efforts to revitalize neighborhoods.35 Community based organizations in cities as far-flung as Baltimore, Chicago, and Los Angeles have started charter schools as part of a comprehensive neighborhood revitalization strategy, and have seen improvements at both the neighborhood level and in student performance. Particularly in the context of HOPE VI redevelopment, research has shown that concurrent investments in the local school reinforce the investments in housing in these neighborhoods, and vice versa.36

Both LISC and Enterprise have also expanded their focus areas to include education. LISC’s Community Investment Collaborative for Kids (CICK) offers financial and technical assistance for the development of child care facilities in low-income communities, and its Educational Facilities Financing Center (EFFC) provides financial and policy support for financing local educational facilities, especially charter
The SF Fed in Action

Transforming the Way Economics is Taught
By Jody Hoff, Senior Manager, Public Information, Federal Reserve Bank of San Francisco

Nine states
Nine independent sets of curriculum standards
10.5 million school-age children
5,000 high schools...

And one question. How can the Federal Reserve Bank of San Francisco—with a long standing tradition of providing economic and financial education—effectively reach such a diverse population in today’s educational environment?

Recently, our Public Information department took a comprehensive look at the educational needs of the 12th District’s nine western states and determined that a new strategy would be necessary to deliver economic education in a way that would be meaningful to students all around the District, from Anchorage to Yuma. We decided that this new strategy should transform the way economics is taught at the high school level and create innovative learning experiences that make the workings of the Federal Reserve System and the U.S. economy come alive for young adults. In the era of podcasts and YouTube, actively engaging students is an increasingly important factor in the success of educational programs. “Experience-based learning,” where student participation is not only part of the learning process but actually changes and informs the outcome of the activity, integrates a level of engagement not possible in more traditional methods of instruction. Two of our key initiatives—the University Symposium and the International Economic Summit—utilize this experience-based learning methodology.

The success of this approach is evident in the enthusiasm level of the students—after all, how often do you see a room full of students excitedly discussing the federal funds rate or trade sanctions? In both of these programs, students become the decision-makers and learn how their choices affect everything from the global economy to household spending and homeownership rates.

Since its inception in 2002, the goal of the University Symposium is to enhance undergraduate students’ understanding of the Federal Reserve System, with the focus on the Fed’s conduct of monetary policy. Several weeks prior to the Symposium, our Public Information staff provide faculty and students with a wealth of information on current economic conditions and introduce them to current debates on the economy among market participants and monetary policy decision-makers. On the day of the event, economists and experts from the Federal Reserve also give presentations on other Fed purposes and functions, including the role of the Fed in banking supervision and regulation and the nation’s payments system. The Symposium concludes with a real-time FOMC simulation, with university students taking on the role of FOMC members and voting on monetary policy and the target federal funds interest rate.

In the International Economic Summit program, high school students participate in a world trade simulation that teaches fundamental economic concepts within the context of international trade. The program challenges high school students to think critically about the benefits and costs of trade and to explore the multifaceted process of globalization. Throughout the ten-week curriculum, students work in teams as economic advisors to an assigned country, researching the social, political, and economic conditions in order to create a strategic plan to improve living standards for their population. The program culminates in a Mini Summit event at each school and a Regional Summit competition hosted at a local university. On that day, students implement their plans through a series of guided activities that include negotiation of trade alliances, debate of international issues, flag and concept quizzes, a trade session, and an awards ceremony.

In the first half of 2007, more than 400 college students participated in the University Symposium and over 4,000 high school students took part in the International Economic Summit program. The numbers speak strongly to the value of developing innovative curricula that prepare students to become informed actors in today’s complex economic environment. To learn more about these programs, as well as other educational efforts conducted by the Federal Reserve Bank of San Francisco, please visit our website at http://www.frbsf.org/education/.

High school students take on the role of economic policy-makers from the Ukraine and the Netherlands at the International Economic Summit held at the University of San Francisco.
Branching Out

County Bank Moves into McLane High School in Fresno
By Sarah Scott

When McLane High School in Fresno, California, opens its doors on August 20, 2007, it will usher in not only a new school year but a new era in California banking and community outreach. On that day, County Bank will “go live” with its 30th bank branch in a former classroom at McLane High School—a bank branch that will be staffed and run by McLane students under County Bank supervision.

The idea of opening a school bank branch is not a new one, but it has only been tried in a few places across the country. School-bank partnerships have been successfully undertaken in Milwaukee and Chicago, but this will be the first student-run bank branch to open in California, and it will be the largest high school campus in the United States in which a student-run branch will be located.

Fresno is an ideal location for an endeavor of this type, and the branch presents a great opportunity for community outreach. Fresno has a large unbanked population, and McLane serves a low-income, minority population. With the opening of the Highlander Branch at McLane, County Bank has the opportunity to reach students and their parents with financial education.

McLane seniors majoring in a business-tract curriculum were recruited to staff the Highlander Branch. During the summer months, they were trained by County Bank team members, much the same as new hire, non-student team members would be trained in tellering and new account opening procedures. In the fall, student team members will be enrolled in a business course designed to compliment their banking experience. Besides receiving training and valuable hands-on work experience in the bank, students will receive scholarship funds for their efforts.

Under the tutelage of dedicated school and bank staff, the students will be encouraged to make the bank branch their own. They will elect a president and other bank officers, hold board meetings, create marketing campaigns, and extend financial education to their fellow students, their parents and their community. Where high school students may be disinclined to listen to teachers lecture about the values of money management and saving for the future, the hope is that they will listen to their peers and take the advice to heart. Similarly, those parents and adults who distrust financial institutions will hopefully gain a greater comfort level with banking because of their children’s involvement in the student bank branch.

It has taken the joint effort of many public and private entities and individuals to make the idea of a bank branch in a California high school a reality. The hope is that it will serve as a model for many other schools and banks in the state. With the savings rate in this country at an all time low since the Great Depression, the time has come for banks to step up with new partnerships for change. County Bank is proud to be one of those banks breaking ground in California with its Highlander Branch.

—Sarah Scott, Vice-President, Compliance and CRA Officer at County Bank, proposed the school branch project in September 2006 and has been acting as the lead project manager since its approval by County Bank’s Executive Committee. Before entering the world of banking and compliance and CRA seven years ago, Sarah worked for 15 years as an Attorney Advisor for several federal agencies.
are engaging in efforts that will help to improve educational outcomes for low-income students. Banks are increasingly making childcare facilities and charter school lending part of their community development portfolio, or are making an impact through investments in CDFIs that provide specialized lending expertise in this arena. For example, the ABCD program, an initiative of the Low Income Investment Fund, has leveraged $62.1 million in resources for child care facilities development in California since 2003, including $38.5 million from planning grants and $23.6 million from loans, creating nearly 14,500 childcare spaces. And in many communities, lenders, investors and other social entrepreneurs are providing social capital connections, financial resources, and management expertise through their work on operations and school boards.

Financial institutions also have a role in providing access to financial education. Most students—from across the income spectrum—graduate high school without a solid understanding of economic and financial concepts. The annual Jump$tart survey, for example, found that nearly
two-thirds of American high school students and adults did not know that money loses its value in times of inflation.\textsuperscript{30} Yet in 2007, only 17 states require high school students to take an economics course and only 7 states require that students take personal finance course.\textsuperscript{41} As a result, few high school students graduate with the ability to interpret economic information and assess its significance for financial well-being.\textsuperscript{42} Filling this information gap is especially important for low-income youth, who may be especially vulnerable to misinformation.\textsuperscript{43}

Finally, many financial institutions are supporting the pathway to higher education, from providing scholarships to low-income and minority students to helping children and parents build savings for education through Individual Development and Children’s Savings Accounts. Some early research has even shown that efforts to promote child and youth savings can promote educational attainment.\textsuperscript{44} The “Savings for Education, Entrepreneurship and Downpayment” Initiative—better known as SEED—is a national demonstration project designed to assess what happens when children have access to a matched savings account that they can use for asset building purposes. Although the demonstration is still underway, early results are positive. By the end of 2006, 1,395 low-income children and youth in the United States and Puerto Rico have accumulated nearly $1.5 million in their accounts in just under three years.\textsuperscript{45}

**Conclusion**

Certainly, there are good schools in poor neighborhoods, and many low-income children succeed despite disadvantages owed to their socio-economic background. But children should not have to defy the odds to do well in school. If we are serious about trying to tackle poverty in our nation’s communities, we should ensure that the odds are in low-income children’s favor. Community development professionals—in the public, private, and nonprofit sectors—all have a role to play in expanding access to early childhood education and strong public schools, as well as to affordable housing, health care, and safe places to play. Integrating these efforts through partnerships and the strategic targeting of resources holds much promise for reducing poverty and improving educational outcomes for low-income and minority children.
Back to School

1. To read the entire text of the Court’s opinion in the Brown v. Board of Education case, visit http://brownvboard.org/research/opinions/347us483.html.


4. The difference in rates of participation in pre-school among children in poor and non-poor families was 13 percentage points in 2005 (47 vs. 60 percent). Statistics reported by the National Center for Education Statistics, Condition of Education 2007, online at http://nces.ed.gov/programs/coe/.


9. The magnitude of the effect of poverty depends significantly on the outcome being measured as well as the duration of the poverty spell.


15. Even before the Supreme Court recently limited the ability of school districts to assign children based on race, the legacy of Brown v. Board of Education on desegregation is far from straightforward. In a series of court decisions during the 1990s, the Supreme Court permitted Districts to end desegregation efforts in neighborhood schools. This, combined with the demographic changes accompanying immigration and fertility trends, has resulted in an increase in segregation in elementary and high schools across the country since the 1960s, most notably in Southern and Border regions, but also in many metropolitan areas in the Northeast, Midwest and West. See G. Orfield and C. Lee (2006). *Racial Transformation and the Changing Nature of Segregation.* (Cambridge: The Civil Rights Project at Harvard University).


18. States often conduct their own assessments as well, such as the California Standardized Testing and Reporting (STAR) Program.


25. The official text of the No Child Left Behind Act, as well as other guidance and government policy documents, can be accessed online at http://www.ed.gov/policy/elsec/guid/states/index.html. For different academic perspectives on NCLB, see the Winter 2006 issue of the *Harvard Educational Review.*

26. After two years of failure, schools should receive technical assistance, and an option is created for students to transfer to another public school in the district. After three years, students have the option to use their share of Title I funds to pay for tutoring or supplemental schooling from a state-approved outside group, such as a for-profit company or non-profit entity. In the fourth year, the failing school must change its staffing. In the fifth year, it must change its governance - for example, by converting to a charter school, turning itself over to a private management company, or allowing the state to take it over.


Back to School


36. Ibid.

37. Ibid.


The Power of Preschool


15. Ibid.


17. PreK Now. (October 2006).

The Economics of Early Childhood Development as Seen by Two Fed Economists

1. This commentary is partially based on an article previously published in Education Week: A. Rolnick and R. Grunewald, “Early Intervention on a Large Scale,” *Education Week* 26, no. 17, (January 4, 2007): 32, 34-36.


Linking Community Development and School Improvement

1. Mark Warren is the author of *Dry Bones Rattling: Community Building to Revitalize American Democracy*, which studies the Texas/Southwest Industrial Areas Foundation, the nation’s most prominent faith-based community organizing network.


Youth Engagement in Planning Nationwide

1. Ariel Bierbaum is the Program Manager at the Center for Cities & Schools, UC Berkeley. She manages the Y-PLAN program, as well as the broader Youth, Schools, and Planning Initiative, which includes professional development, capacity-building, and research around youth engagement in planning practice. Alissa Kronovet is a candidate in the Master of City Planning program at UC Berkeley and a research fellow with the Center for Cities & Schools. In addition to coordinating the New Orleans trip, Alissa is heading up the national organizing efforts around the Young Planners Network.

The Glow Foundation


Federal Deposit Insurance Corporation
Federal Reserve Bank of San Francisco
Office of the Comptroller of the Currency
Office of Thrift Supervision

invite you to attend the

2008 National Interagency Community Reinvestment Conference

March 30 – April 2, 2008
San Francisco, California

Featuring
CRA examination training
Innovations in community development investing
Creative strategies for community development
National Community Development Lending School

For more information, please visit
www.frbsf.org/community/conference08.html

Registration materials will be available in January
Conference Contact: Lauren Mercado-Briosos • 415-974-2765 • lauren.mercado-briosos@sf.frb.org
Free subscriptions and additional copies are available upon request from the Community Development Department, Federal Reserve Bank of San Francisco, 101 Market Street, San Francisco, California 94105, or call (415) 974-2765.

Change-of-address and subscription cancellations should be sent directly to the Community Development Department. Please include the current mailing label as well as any new information.

The views expressed are not necessarily those of the Federal Reserve Bank of San Francisco or the Federal Reserve System. Material herein may be reprinted or abstracted as long as Community Investments is credited. Please provide Naomi Cytron in the Community Development Department with a copy of any publication in which such material is reprinted.