Thinking Big for Small People: Why are NC County Leaders So Enthusiastic about Pre-K for Four Year Olds?

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AGENDA

9:00-9:45  Skills Mobility and Economic Growth: Why is Pre-K Considered a High-Return Workforce Quality Strategy?

Anita Brown-Graham – Director, ncIMPACT, UNC School of Government

Highlighting the latest research and the insightful experiences of innovative local governments across the country seeking to use pre-K to win at economic competitiveness.

Minnie Forte-Brown – President-Elect, North Carolina School Boards Association
Brenda Howerton – President, North Carolina Association of County Commissioners

Sharing the perspectives of school board members and county commissioners as they tell the story behind Durham County’s journey toward universal pre-K for all four-year olds. How did Durham develop the goal? Where is Durham in the journey? What is next?

9:45-10:45  Stepping Stones or Quicksand: Pre-K Expansion Hopes and Cautions for Local Policymakers

Ken Dodge – Pritzker Professor of Public Policy, Sanford School of Public Policy, Duke University

Sorting out the complicated landscape of evaluations of pre-K. Let’s get on the same page: What are the areas of agreement and disagreement regarding the effects of pre-K? What do we mean by “high quality” pre-K? What are the challenges to scaling up pre-K? What is the difference between universal and targeted programs?
Ellen Peisner-Feinberg – Senior Research Scientist, Frank Porter Graham Child Development Institute, UNC-Chapel Hill

*Offering insights from the long-term study of the NC-Pre-K program. Do children in the program outperform their peers who do not attend NC Pre-K? In what developmental areas or skills are differences between these groups observed? Why do these areas matter to local policymakers?*

John Pruette – Executive Director, Office of Early Learning, North Carolina Public Schools

*Getting local policymakers ready for thoughtful expansion. Who is served by NC Pre-K? How many more children will be served in 2017-19? What are the most important characteristics of the NC Pre-K program? How are they consistent with high quality standards? In what types of facilities is the NC Pre-K program delivered across the state? How will you assess your capacity for expansion?*

10:45-11:00 Break

11:00-12:00 Taking Stock: Establishing the Different Starting Places in the Room

Lydian Altman – Director, Strategic Public Leadership Initiative, UNC School of Government
Donna Warner – Director, Local Elected Leaders Academy, UNC School of Government

*Supporting attendees in exploring: What is going on in your community with respect to pre-K? Are you ready for the expansion opportunity presented by the NC budget? What are the primary challenges? Is there an appetite for even further expansion? How can your leadership make a difference?*

12:00-12:45 Lunch

12:45-1:15 Good to Know: Connecting to Resources Inside and Beyond the Room

Kevin Leonard – Executive Director, NC Association of County Commissioners
Ed Dunlap – Executive Director, NC School Boards Association
Donnie Charleston – Economic Policy Manager, NC State Institute for Emerging Issues
Meeting and hearing about the resources available to you from the NC Association of County Commissioners, NC School Boards Association, NC State Institute for Emerging Issues, and NC Early Childhood Foundation. What do you do? How might you support my community?

1:15-1:45  Local Knowledge: Financing for Pre-K and Other Lessons Learned

Tracy Zimmerman – Executive Director, NC Early Childhood Foundation
Lisa Finaldi – Community Engagement Leader, NC Early Childhood Foundation
Matt McKirahana – Researcher, UNC School of Government

Overview of NCECF’s “Local Funding for Early Learning” toolkit and discussion of case studies describing how communities have expanded and financed their pre-K investments.

1:45-2:15  Putting It Together: Pre-K Expansion in Your Community

Lydian Altman – Director, Strategic Public Leadership Initiative, UNC School of Government
Donna Warner – Director, Local Elected Leaders Academy, UNC School of Government

Ensuring attendees go home with a clear sense of what it takes to put the pieces together by outlining: What sources of funding are available to expand pre-K? Who are your key partners in expanding pre-K? Are they already at the table? What assets will you need at the table? Which ones will you need to bring to the table, and how will you do this? What could stop your local/regional expansion of pre-K from going forward?

2:15-2:30  Break

2:30-3:15  Moving Ahead: What It Is Worth

Lynne Vernon-Feagans – William C. Friday Distinguished Professor of Child Development and Family Studies, School of Education, UNC-Chapel Hill

Giving attendees the pearls of wisdom. Why is the topic of pre-K so timely? How will your pre-K program fit with other coordinated,
high quality programming in the greater grade 0-8 continuum? What kinds of return on investment should we expect from third grade reading proficiency? Which children will benefit most from pre-K?

3:15-3:30  Onward: Keeping Your Eyes on the Prize (As You See It)

Anita Brown-Graham – Director, ncIMPACT, UNC School of Government

Planning your next steps and reviewing resources to support you. Are you ready to Think Big for Small People? What else do you need from us?
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Frank Porter Graham Child Development Institute at UNC-Chapel Hill

Institute for Emerging Issues at North Carolina State University

North Carolina Early Childhood Foundation

Sanford School of Public Policy at Duke University
Anita R. Brown-Graham
Director, ncIMPACT, UNC School of Government

Anita R. Brown-Graham rejoined the School of Government in September 2016 to lead the public launch of a special initiative that seeks to expand the School’s capacity to work with public officials on policy issues that affect North Carolina communities. Brown-Graham’s first tour as a faculty member was from 1994–2006, when she covered the areas of civil liability and community and economic development aimed at revitalizing communities. In 2007 Brown-Graham became the director of the Institute for Emerging Issues (IEI) at NC State University. There, she led IEI’s work to build North Carolina’s capacity for economic development and prosperity. Each year, she and her colleagues at IEI worked with leaders across the state in business, government, and higher education to focus on issues important to our state’s future. Brown-Graham began her career as a law clerk to the Honorable William B. Shubb in the Eastern District of California and as business litigation counsel in a Sacramento, California law firm. She is a William C. Friday Fellow, American Marshall Fellow, and Eisenhower Fellow. In 2013, the White House named her a Champion of Change for her work at IEI, and the Triangle Business Journal named her a 2014 Woman in Business for her policy leadership in the state. She also currently serves on the boards of several organizations. Brown-Graham earned an undergraduate degree from Louisiana State University and a law degree from the University of North Carolina at Chapel Hill.

Minnie Forte-Brown
President-Elect, North Carolina School Boards Association

Minnie Forte-Brown is a local, state, and national school board leader, college professor, and servant leader in her community. Currently, she is president-elect of the Board of Directors for the North Carolina School Board Association, member of the Board of Education for Durham Public Schools (34,000) since 2004, and vice chair of the Board of Directors for KIPP:ENC. She served as chair (2006-2012) and vice-chair (2012-2015) of DPS, while chairing the Council of Urban Boards of Education (CUBE 2012-2014) and as a member of the Board of Directors for the National School Board Association (2012-2014). Minnie is an education advocate committed to excellence and equity, access and opportunity across the board in public education from academics and ancillary support to policy decisions. "Civility and Progress" have characterized her legacy of school board leadership and governance.

Forte-Brown is a nationally recognized "Outstanding Educator," retired communication professor, with urban education experience as a high school teacher in Baltimore and Washington, DC Public Schools, an Intercultural Specialist for Seattle Public Schools, and a 30 year tenure as faculty member at North Carolina Central University. She holds a Bachelor of Arts in Speech and English from St. Augustine's University, Masters of Education in Speech Pathology and Audiology from North Carolina Central University, and a trustee fellowship for matriculation in doctoral studies at Howard University in Theory and Rhetoric.

Forte-Brown serves as Education Task Force Co-Chair of the Mayor's Transformation 10.0 founder and board member of the East Durham Children's Initiative, recipient of numerous civic
awards for leadership and service, and the coveted Order of the Long Leaf Pine commissioned by the Governor of North Carolina.

Minnie is anchored in Christ and Family. She is a lifelong member of White Rock Baptist Church, where she serves as an assistant clerk and works with other ministries. She is blessed with a loving family, married to Roger "Ray" Brown for over ten years, mother to one daughter, Mina and a doting grandmother (NaNa) to Michael and Naszir. Passion and Purpose guide her life.

Brenda Howerton
President, North Carolina Association of County Commissioners

Brenda Howerton was born and raised in Caswell County, North Carolina. She moved to Danville, Virginia, when she married and returned to North Carolina in 1986 when she moved to Durham County. Howerton raised four children, two who graduated from Durham Public Schools, and now has three wonderful grandchildren. She is an active member of Union Baptist Church.

Howerton has long been active in community affairs. She first became interested in running for public office when she realized that in order to get “inside the doors,” she would have to gain the vote of residents and win election. So she decided to test it out, ran for Soil and Water Supervisor and was elected. Howerton served in that post for six years before being elected to the Durham County Board of Commissioners in 2008. She has since been reelected in 2012 and 2016, and served as Vice Chair of the Board from 2012-2016.

Dedicated to continuing education, Howerton earned her B.S. degree in business management, magna cum laude, from Shaw University and a certification in Executive Coaching from North Carolina State University. She was also in the first cohort to complete the Advanced Leadership Corps offered by the University of North Carolina at Chapel Hill School of Government in 2012, a course offered to municipal and county elected leaders each year.

In addition to being the owner of Howerton Consulting, Inc., a business that specializes in organizational development and executive coaching for public and private industries, Howerton has served on many local, state, and national boards including: Durham Technical Board of Trustees, Convention & Visitors Bureau Tourism Authority, Downtown Durham Inc., Chair of the City/County Planning Committee, Juvenile Crime Prevention Council, Public Health Board, Triangle J Council Center of the Region, Durham City-County Committee Member, Durham Partnership for Children, Durham History Hub, Workforce Development Board and Co-Chair Transformation in Ten Education Task Force, Criminal Justice Advisory Committee (Stepping Up Initiative).

Howerton is a member of the National Association of Counties and was recently appointed by NACo President Roy Charles Brooks to serve as Vice Chair of the Justice & Public Safety Steering Committee. Her service to the North Carolina Association of County Commissioners is
extensive, and she is the first Durham County Commissioner to be elected to the office of President of the Association.

Kenneth A. Dodge  
*Pritzker Professor of Public Policy, Sanford School of Public Policy, Duke University*

Kenneth A. Dodge is the Pritzker Professor of Public Policy and Professor of Psychology and Neuroscience at Duke University. He is a leading scholar in early child development and promotion of children’s health, education, and well-being. He founded the Duke Center for Child and Family Policy, and he created Family Connects, a universal postnatal home-visiting program which has been shown to decrease emergency care costs in an infant’s first year of life and has been replicated in over 25 communities nationwide. He is trained as a clinical and developmental psychologist, having earned his B.A. in psychology at Northwestern University in 1975 and his Ph.D. in psychology at Duke University in 1978. Dodge has published more than 500 scientific articles which have been cited more than 80,000 times. He was elected to the National Academy of Medicine in 2015.

Ellen Peisner-Feinberg  
*Senior Research Scientist, Frank Porter Graham Child Development Institute, UNC-Chapel Hill*

Dr. Ellen Peisner-Feinberg is a Senior Research Scientist at the FPG Child Development Institute and Research Professor at the School of Education at the University of North Carolina-Chapel Hill. She has over 25 years of research experience in early childhood education and program evaluation, with a particular emphasis on policy-relevant work. She has conducted numerous statewide and national studies focused on the quality of early education; the effects on children, including dual language learners and children at risk; and quality improvement strategies. Currently, she directs the NC Pre-K Program and Georgia’s Pre-K Program Evaluations, is Co-PI for the NC longitudinal study of rural education as part of the IES Early Learning Network, and is Director of the National Pre-K and Early Education Evaluation Center. Key past efforts include the Recognition & Response (R&R) projects; the Center for Early Care and Education Research-Dual Language Learners (CECER-DLL); the Head Start Quality Research Centers; and the Cost, Quality, and Outcomes Project (CQO).

John Pruette  
*Executive Director, Office of Early Learning, North Carolina Public Schools*

John Pruette is the Executive Director of the North Carolina Office of Early Learning, with his work focused on structural reform in the early grades and strengthening the PK-3 learning continuum in NC’s schools. His contributions have been central to the design and implementation of the More at Four program (now named NC Pre-K) which remains a nationally recognized model for high-quality state-funded pre-kindergarten.

**Lydian Altman**  
*Director, Strategic Public Leadership Initiative, UNC School of Government*

Lydian Altman joined the School of Government in 1999. Her prior work with public sector organizations included several years as a director or board member of nonprofit rape crisis and domestic violence agencies, community college administrator, and local government administrator. In her current work with the Strategic Public Leadership Initiative, she consults with elected and appointed leaders to create strategic plans that help organizations set clear priorities, allocate resources to pursue those priorities, and assess progress toward carrying out planned activities. She also facilitates retreats for governmental and nonprofit organizations and cross-sector community groups to help them plan and work together to solve public problems. Many of her project-generated articles have been published in ICMA’s IQ Report and PM Magazine, the American Review of Public Administration, Popular Government, and PA Times. Altman holds a BS in industrial relations and an MPA from UNC-Chapel Hill.

**Donne E. Warner**  
*Director, Local Elected Leaders Academy, UNC School of Government*

Donna Warner is director of the Local Elected Leaders Academy. In this capacity, she works with faculty to design and implement education and training programs for city and county elected officials. Warner brings expertise in budget and management analysis, strategic planning, human resource administration, and retreat facilitation. She has conducted planning and board retreats for multiple North Carolina municipalities and counties, helping boards plan and work together to solve public problems. Warner earned a BA from the University of Virginia and an MPA from the University of North Carolina at Chapel Hill.

**Kevin Leonard**  
*Executive Director, North Carolina Association of County Commissioners*

Executive Director Kevin Leonard has been with the North Carolina Association of County Commissioners since 2009. He joined the Association as Director of Government Relations and was promoted to Deputy Director before becoming Executive Director in November 2014. Prior to his time at the NCACC, Mr. Leonard worked at the law firm of Womble Carlyle, and held positions at the NC Department of Labor, NC House of Representatives, US House of
Representatives and C-SPAN. He received an MPA from American University and BA from Catawba College. Mr. Leonard can be reached at (919) 715-4369 or kevin.leonard@ncacc.org.

Ed Dunlap, Jr.
Executive Director, North Carolina School Boards Association

Dr. Edwin Dunlap, Jr., began his distinguished career with the North Carolina School Boards Association in 1979 and became its Executive Director in 1994. In his present role he is responsible for all activities undertaken by the association, including advocacy before the General Assembly, Congress, and state and federal agencies; school board training; policy assistance, and legal representation; publications; superintendent search services; special projects; and risk management programs offered by the North Carolina School Boards Trust. He oversees the work of the association’s 32-member staff and administers an annual budget of more than $5 million. Before joining the association, Dr. Dunlap spent several years as a classroom teacher and school counselor. He received his B.S. and M.Ed. degrees from North Carolina State University and his Ph.D. from UNC-Chapel Hill.

Donnie Charleston
Economic Policy Manager, NC State University Institute for Emerging Issues

Donnie is a seasoned professional with extensive research and policy experience gained while working in several of North Carolina’s leading organizations and institutions. He currently serves as the Economic Policy Manager at the state’s most influential public policy think tank—the NCSU Institute for Emerging Issues. There he works in collaboration with leaders from the Legislature, local government, and the state’s leading corporations on emerging issues of importance to North Carolina's economy. Prior to his work at the Institute, he did stints at the NC General Assembly, the NCCU Juvenile Justice Institute, and the NC Association of County Commissioners.

During his nearly 20 year career in public service he has been involved with several historic policy initiatives. He is an expert on institutional crisis reform, and has also authored numerous articles and reports on the subject. Donnie is originally from Salisbury, North Carolina. He has earned Bachelor of Science degrees in Sociology and Psychology and an MA in Sociology from North Carolina Central University. His doctoral work at NC State University focused on Economic Sociology.

Tracy Zimmerman
Executive Director, North Carolina Early Childhood Foundation

Tracy is the Executive Director of the North Carolina Early Childhood Foundation. NCECF serves as an accelerator, creating partnerships among the state’s early learning and education, public agency, policy, philanthropic, and business leaders to define a common vision,
shared measures of success, and coordinated strategies that support children’s optimal
development beginning at birth. Tracy has more than 20 years of experience working on behalf
of nonprofit, public interest organizations. Prior to joining NCECF, she led The North Carolina
Partnership for Children’s (NCPC) communications efforts and served as part of a four-member
team, led by NCPC’s President, that provided strategic direction for the organization. As part of
her engagement efforts, Tracy crafted and obtained funding for the First 2,000 Days campaign.

Prior to joining NCPC, Tracy served as the Public Relations Director at FPG Child Development
Institute at UNC. She previously served as Senior Vice President at The Hauser Group, a
Washington DC-based public relations firm working on behalf of nonprofit organizations and
public interest causes.

She holds a BA in political science from Washington University in St. Louis. Tracy and her
husband, an elementary school teacher, have two children.

Lisa Finaldi
Community Engagement Leader, North Carolina Early Childhood Foundation

Lisa has over 25 years of experience as a non-profit leader at the state, national, and international
levels. She leads the First 2000 Days initiative and the Campaign for Grade-Level Reading.
Through the First 2,000 Days initiative, local organizations build their public engagement
capacity, position early child development as an issue that impacts all North Carolinians, and
engage unexpected voices as early childhood champions.

Prior to NCECF, as National Campaigns Director at Greenpeace US, Lisa directed numerous
successful initiatives on environmental and public health policy. She designed and led the first
global investigation to test ingredients in children’s toys and products, resulting in consumer
protection policy changes in over 20 countries. During her tenure at Greenpeace, Lisa formed
Greenpeace Solutions, dedicated to accelerating innovation to address climate change.

Throughout her career, Lisa has brought together communities, business, government, and
organizations to shape cooperative efforts for change. She has unified disparate voices to define
and achieve breakthrough solutions to complex issues.

Lisa holds a Bachelor of Science Degree in Journalism from West Virginia University and a
Certificate in Non-Profit Management from Duke University. She lives in Raleigh with her
family and is a past president of the Society for the Preservation of Historic Oakwood, a founder
of NCWARN, and a founding member of the board of directors of Raleigh City Farm, a one-acre
urban farm in downtown Raleigh.
**Matt McKirahan**  
*Researcher, UNC School of Government*

Matthew McKirahan joined the UNC School of Government in April 2011 and currently holds the position of marketing and communications specialist. He is a 2018 candidate in the Master of Public Administration program at UNC-Chapel Hill. In summer 2017, he interned as a research analyst with the ncIMPACT team, focusing on pre-kindergarten systems at the county level within North Carolina as well as nationally.

**Lynne Vernon-Feagans**  
*William C. Friday Distinguished Professor of Child Development and Family Studies, School of Education, UNC-Chapel Hill*

Over the last 30 years, Lynne Vernon-Feagans has focused her interest on children at risk—especially African-American children who live in poverty. As part of the Abecedarian Project, she led a study on children’s use of language in their home neighborhood and in their classrooms at school. Her resulting book helped educators and practitioners understand the disconnect between the children’s neighborhood language and culture and the school’s language and culture to help better understand the challenges faced by minority children during the transition to school.

Presently, Vernon-Feagans is principal investigator of a 10 year NICHD multi-site, multi-disciplinary, birth-cohort study of that is a representative sample of children born in each of three poor, rural Pennsylvania and North Carolina counties. With policy implications for rural families and their children, this landmark study involving 23 investigators collects in-depth measures of families, poverty and rurality, biological markers of family stress, family health, family work, family interactions and home and childcare literacy activities, as well as child cognition, language, emotionality and sociability. Additionally, Vernon-Feagans serves as co-principal investigator of the National Research Center on Rural Education Support funded by the Institute of Education Sciences. With colleagues, she developed a series of randomized clinical trials to test the effectiveness of her Targeted Reading Intervention, a web-based consultation (Tier II intervention) for classroom teachers. Results suggest significant reading gains for children in limited income rural kindergarten and first-grade classrooms. She and her associates are now developing outreach models to deliver state-of-the-art professional development to rural schools around the country through innovative webcam technology.
Stepping Stones or Quicksand: Pre-K Expansion Hopes and Cautions for Local Policymakers (9:45 – 10:45)
Authors & Funders

- Deborah Phillips, Georgetown University
- Mark Lipsey, Vanderbilt University
- Ron Haskins, Brookings Institutions
- Kenneth Dodge, Duke University
- Daphna Bassok, University of Virginia
- Margaret Burchinal, University of North Carolina
- Greg Duncan, University of California-Irvine
- Mark Dynarski, Brookings Institution
- Katherine Magnuson, University of Wisconsin
- Christina Weiland, University of Michigan

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Process Matters

- Consensus as essential
- Interdisciplinary
- Tulsa to Tennessee
- Three in-person meetings
- Exhaustive review of the evidence (Lipsey)
- Multiple drafts
Learning is Continuous and Cumulative

“Children’s early learning trajectories depend on the quality of their learning experiences not only before and during their pre-K year, but also following the pre-K year. Classroom experiences early in elementary school can serve as charging stations for sustaining and amplifying pre-K learning gains. One good bet for powering up later learning is elementary school classrooms that provide individualization and differential in instructional content and strategies.”

Pre-K and School Readiness

“Convincing evidence shows that children attending a diverse array of state and school district pre-K programs are more ready for school at the end of their pre-K year than children who do not attend pre-K. Improvements in academic areas such as literacy and numeracy are most common. The smaller number of studies of social-emotional and self-regulatory development generally show more modest improvements in those areas.”

Some Children Benefit More

“Studies of different groups of preschoolers often find greater improvement in learning at the end of the pre-K year for economically disadvantaged children and dual language learners than for more advantaged and English-proficient children.”
Effectiveness Factors

“Pre-k programs are not all equally effective. Several effectiveness factors may be at work in the most successful programs. One such factor supporting early learning is a well implemented, evidence-based curriculum. Coaching for teachers, as well as efforts to promote orderly but active classrooms, may also be helpful.”

Enduring Impacts? Fade out? The Next Frontier

“Convincing evidence on the longer-term impacts of scaled-up pre-K programs on academic outcomes and school progress is sparse, precluding broad conclusions. The evidence that does exist often shows that pre-K induced improvements in learning are detectable during elementary school, but studies also reveal null or negative impacts for some programs.”

Partnerships for Continued Improvement

“States have displayed considerable ingenuity in designing and implementing their pre-K programs. Ongoing innovation and evaluation are needed during and after pre-K to ensure continued improvement in creating and sustaining children’s learning gains. Research-practice partnerships are a promising way to achieving this goal. These kinds of efforts are needed to generate more complete and reliable evidence on effectiveness factors in pre-K and elementary school that generate long-run impacts.”
Final Recommendation

• “(T)he scientific rationale, the uniformly positive evidence of impact on kindergarten readiness, and the nascent body of ongoing inquiry about long-term impacts lead us to conclude that continued implementation of scaled-up pre-k programs is in order as long as the implementation is accompanied by rigorous evaluation of impact.”

Issues and Challenges

• Do Some Groups of Children Benefit More Than Others from Pre-Kindergarten Programs?
  Helen F. Ladd
  Larger positive impact for economically disadvantaged families, though positive impact for all groups.
  Larger positive impact for Hispanic children than other groups, though positive impact for all groups.

Issues and Challenges

• Do Pre-Kindergarten Curricula Matter?
  Jade Marcus Jenkins and Greg J. Duncan
  More positive impact for skill-specific curricula than for whole-child curricula or no curriculum.
  Suggest that alignment of curricula into elementary school could prevent fadeout.

• Characteristics of Pre-Kindergarten Programs That Drive Positive Outcomes
  Dale C. Farran
  Positive impact of teacher rich language, child engagement strategies, and positive climate.
Issues and Challenges

- **The Current Landscape for Public Pre-Kindergarten Programs**
  Ajay Chaudry and A. Rupa Datta
  Diverse array of models; often multiple sources of financing

- **Universal vs. Targeted Pre-Kindergarten: Reflections for Policymakers**
  William Gormley
  The case for universal: everyone needs help and benefits.
  The case for targeted: low-income children benefit the most.
  The case for hybrids: graduated fees, grow toward universal.
  A matter of values

Issues and Challenges

- **Challenges to Scaling Up Effective Pre-Kindergarten Programs**
  W. Steven Barnett
  Scale-up penalty
  Lower expectations

- **The Promise of Preschool Education: Challenges for Policy and Governance**
  Ajay Chaudry
  Access versus quality
  Health and Human Services versus Department of Education

Issues and Challenges

- **The Costs and Benefits of Scaled-Up Pre-Kindergarten Programs**
  Lynn A. Karoly
  Average cost: $8,628; benefit-cost ratio is positive, delayed.

- **Financing Early Childhood Programs**
  Ron Haskins
  Annual spending on early child programs is $36.6 billion.
  Universal programs would cost $191 billion – unlikely.

- **Reframing Early Childhood Education: A Means to Public Understanding and Support**
  Craig T. Ramey and Sharon Landesman Ramey
  Re-frame as essential part of education for 21st Century.
NC Pre-K Program Evaluation: Child Outcomes Over Time

ELLEN PEISNER-FEINBERG, PH.D.
SEPTEMBER 25, 2017
THINKING BIG FOR SMALL PEOPLE

What’s the Pre-K Picture in NC?

NC Pre-K Program
- Established in 2001-2002 (More at Four)
- State Pre-K program for 4-year olds
- Targets low-income (<75% SMI), other risk factors
- Serves ~30,000 children in ~2,000 classrooms
- Public school, Private, Head Start settings
- High quality – 4- & 5-star ratings
NC Pre-K Classrooms

- School model - 6.5 hours/day, 180 days/year
- B-K licensed teachers
- 1:9 teacher-child ratios, 18 children per class
- Developmental screening & ongoing assessment
- Approved curriculum

Evaluation of the NC Pre-K Program

Started at program inception in 2001-2002

Collaborate with key state agency to conduct studies each year

Key research questions:
- What is the quality of the local NC Pre-K programs?
- Have there been any changes over time?
- What are the outcomes of children attending NC Pre-K?
- What factors are associated with better outcomes?

What are the short-term effects on children’s school readiness skills?
Regression Discontinuity Results
(Peisner-Feinberg & Schaaf, 2011)

**APPLIED PROBLEMS** $P < .001, D = .34$

- **LETTER WORD ID** $P < .001, D = 1.14$

**PHONOLOGICAL AWARENESS** $P < .001, D = .56$

**PRINT KNOWLEDGE** $P < .001, D = 1.16$

**VOCABULARY** N.S
Kindergarten Comparison Results
(Peisner-Feinberg, Mokrova, & Anderson, 2017)

**LANGUAGE AND MATH SKILLS**

- Bars representing Treatment and Comparison groups for different years.

**EXECUTIVE FUNCTION**

- Bars representing Treatment and Comparison groups for different samples.

Note: ***p< .001, **p< .01, *p< .05, +p<.10

What are the long-term effects of NC Pre-K Program participation?

NC 3rd-grade EOG Effect Sizes
(Peisner-Feinberg & Schaaf, 2010)

Impact of Average MAF Funding in Added Months of Learning (Dodge, Bai, Ladd, & Muschkin, 2016)

Is NC Pre-K even more effective for some groups than others?

PK–K Growth in Receptive Vocabulary by English Proficiency (Peisner-Feinberg, Schaaf, Hildebrandt, Pan, & Warnaar, 2015)
PK–K Growth in Math Skills by English Proficiency
(Peisner-Feinberg, Schaaf, Hildebrandt, Pan, & Warnaar, 2015)

Current NC Pre-K Evaluation Study
Longitudinal Randomized Controlled Trial (RCT)
• Following NC Pre-K/Control from pre-k – 3rd-grade
• Gold-standard design
• Few Pre-K program evaluations
• Control group conundrum
• Feasibility study

What You Can Learn from Local Pre-K Program Evaluation

Is the program effective?
Was it implemented as intended?
Does it work better for some groups than others?
What is the level of quality?
Were there any changes over time?
What are the benefits relative to costs?
How can we improve it?
For further information
NC Pre-K Evaluation:
http://fpg.unc.edu/projects/evaluation-nc-pre-kindergarten-program
Previous More at Four Evaluation:
http://www.fpg.unc.edu/projects/evaluation-nc-more-four-program
Purpose of the NC Pre-K Evaluation

Since the NC Pre-K (More at Four) Program began in 2001–2002, a variety of statewide evaluation studies have been conducted by the FPG Child Development Institute. These annual evaluations have included several studies of program services, classroom quality, and children’s outcomes during pre-k as well as longer-term into kindergarten and third grade.

Key questions addressed by these evaluation studies have been: What are the outcomes for children attending NC Pre-K? and What factors are associated with better outcomes? A summary of key findings related to children's outcomes, as well as key findings related to the quality and characteristics of the program are presented below.

Key Findings

Children’s Outcomes

The NC Pre-K (More at Four) Program has positive effects across key domains of learning - children's language development and communication skills, cognitive development, and social and emotional development.

- Poor children who attended the state pre-k program scored higher on third-grade reading EOGs and math EOGs than poor children who had not attended the program, based on a study of all third-graders in NC across two years using a treatment and comparison design. (90% of pre-k program participants are poor—i.e., qualify for free or reduced-price lunch.)
Children had better language, literacy, and math skills following participation in the state pre-k program compared to children who had not participated in the program, based on a study of treatment and comparison groups using a regression discontinuity design (RDD).

Children who attended NC Pre-K had significantly better math and executive function skills at the end of kindergarten than children who did not attend the program, based on a study with a treatment group and a comparison group using propensity score matching.

Children who participated in NC Pre-K (More at Four) made greater than expected gains in language, literacy, math, general knowledge, and social skills during pre-k and continuing into kindergarten, based on several longitudinal studies using comparisons to norm-referenced measures.

Dual-language learners and children with lower levels of language proficiency demonstrated similar or greater benefits on learning outcomes from participation in NC Pre-K.

These studies also indicated that the pre-k program had positive effects for dual language learners (DLLs), who showed gains in skills in English and most skills in Spanish. Children with lower English proficiency levels made gains at an even faster rate than other children, although they typically had lower skills at pre-k entry and often had not caught up to their peers even by the end of kindergarten. These findings suggest consideration of practices such as differentiated instructional approaches or the use of home language, in order to ensure that the NC Pre-K Program is meeting all children’s learning needs.

**Program Quality and Characteristics**

Many of the characteristics of the NC Pre-K Program have been stable over time and consistent with good quality standards for early care and education practices.

- Classroom quality for the NC Pre-K Program has been in the medium to high range across a number of different areas that have been measured—global quality, teacher-child instructional interactions, language and literacy environment, and teacher sensitivity. Classroom quality has remained fairly similar over the years in almost all areas; although scores are still not as high as they could be, very few classrooms have scored in the low quality range.

- There have been consistent improvements in teacher qualifications—increases in the proportion of teachers with BA degrees and B-K licenses and decreases in the proportion of teachers with no credential. In the most recent sample, more than 99% of lead teachers had a BA degree or above, and nearly all those in public school settings and over three-quarters in private settings had a B-K license.

- The NC Pre-K Program has continued to ensure that it primarily serves an at-risk, diverse population of children from different racial and ethnic backgrounds, including a substantial number of dual-language learners. The majority of children in NC Pre-K had not previously been enrolled in a preschool program.

- NC Pre-K classrooms have continued to be offered in a variety of setting types, most recently including about half in public schools, about one-quarter in for-profit child care, less than 10% in non-profit child care, and about 15% in Head Start.

**Overview of the NC Pre-K Program**

The NC Pre-K Program is a state-funded educational program for eligible 4-year-olds, designed to enhance their school readiness skills. Initiated in 2001–2002 (as the More at Four Program), the statewide pre-k program has served over 350,000 children. Children are eligible for NC Pre-K primarily based on age and family income (up to 75% of state median income), although children from higher-income families with other risk factors (limited English proficiency, identified disability, chronic health condition, or educational need) or a parent actively serving in the military may be enrolled. NC Pre-K provides funding for serving eligible children in classroom-based settings on a school schedule (6 1/2 hours/day, 180 days/year). Program standards for serving eligible children in classroom-based settings on a school schedule address curriculum and assessment; training and education levels for teachers; class size and adult:child ratios; and NC child care licensing levels.
Evaluation of the North Carolina More at Four Pre-kindergarten Program

The North Carolina More at Four Pre-kindergarten Program is a state-funded initiative for at-risk 4-year-olds, designed to help them be more successful when they enter elementary school. The purpose of More at Four is to provide a high quality, classroom-based educational program during the year prior to kindergarten entry. Over the years, 90% of the children served in More at Four have qualified for free or reduced-price lunch; eligibility for the program is also determined by other risk factors, including low English proficiency, identified disability, chronic health condition, and educational or developmental need. More at Four has provided a full school year pre-k program to over 167,000 children since it has been in operation (2002-2010).

Study Design

The purpose of the present study was to examine the effects of the More at Four Program on children’s school readiness skills at entry into kindergarten. This study used a regression discontinuity design (RDD) to examine the effects of participation in More at Four on children’s language/literacy and math skills. This design has been shown to provide the strongest evidence for treatment effects among quasi-experimental approaches. This study took advantage of the age requirement for kindergarten by comparing two groups of children: the untreated group—children entering More at Four (who were not yet eligible for kindergarten), and the treated group—children who completed More at Four and were entering kindergarten. This provided a natural experiment for examining the effects of the More at Four Program. Because both groups of children were qualified for and selected to participate in More at Four, the two groups are equivalent on many important characteristics; the only difference is whether their birth date falls before or after the cut-off for kindergarten eligibility.

The study sample consisted of more than 1,000 children, including 501 pre-k children enrolled in More at Four in 2009-2010, and 509 kindergartners who participated in More at Four the previous year in 2008-2009. Individual assessments of children’s language/literacy skills and math skills were conducted near the beginning of the 2009-2010 school year. The skills measured included receptive vocabulary (Peabody Picture Vocabulary Test-4), phonological awareness and print knowledge (Test of Preschool Early Literacy), letter/word knowledge and applied math problems (Woodcock Johnson-III Tests of Achievement) and counting (NCEDL Counting Numbers Task). The analyses for this study examined whether there were differences in the skills of children in the treated and untreated groups as a result of participation in More at Four. Specifically, these analyses test whether there is a discontinuity, or difference, in the association between children’s skill levels and their age when comparing children in the treated and untreated groups. If a difference is found, it represents the effects of treatment, in this case, the effects of participation in the More at Four Program. In addition, the analyses examined whether the effects of treatment are the same for different groups of children on the basis of poverty status (qualify for free, reduced-price, or full-price lunch), English language proficiency (non-, limited, or fluent English speaker), or cumulative risk (based on income, language proficiency, disability status, health condition, developmental/educational need), and also adjusted for children’s race/ethnicity and gender.
The primary research questions addressed by this study were:

- Does participation in the More at Four Pre-k Program improve children’s language/literacy and math school readiness skills?
- Are the effects of More at Four on school readiness skills similar for different groups of children on the basis of poverty status, English language proficiency, or cumulative risk?

Major Results

- Children who participated in More at Four had better language/literacy skills and math skills than children who had not participated.
  - The language/literacy skills of More at Four participants were higher for most skills that were measured, including letter/word knowledge, phonological awareness, and print knowledge. The one area with no differences was receptive vocabulary.
  - The math skills of More at Four participants were higher in both areas that were measured, applied math problems and counting.
  - There were generally large effects of More at Four participation on children’s language/literacy skills and moderate to large effects on children’s math skills, based on effect size calculations.
- The benefits of More at Four participation on children’s language/literacy and math skills were similar for different groups of children.
  - Children at different levels of poverty showed similar gains in language/literacy (letter/word knowledge, phonological awareness, print knowledge) and math (applied math problems, counting) skills as a result of participation in More at Four.
  - Children at different levels of English language proficiency showed similar gains in most language/literacy (letter/word knowledge, print knowledge) and math (applied math problems, counting) skills as a result of participation in More at Four. The one exception was that participation in More at Four had a stronger positive effect on phonological awareness skills for children with higher language proficiency than those with lower language proficiency.
  - Children at different levels of cumulative risk showed similar gains in language/literacy (letter/word knowledge, phonological awareness, print knowledge) and math (applied math problems, counting) skills as a result of participation in More at Four.

Conclusions

These findings indicate that the More at Four Program has beneficial effects on children’s language/literacy and math skills at entry into kindergarten. These effects were found across a number of different measures of language, literacy, and math, and were similar for different groups of children based on poverty status, English language proficiency, and cumulative risk. This study included over 1,000 children and used a rigorous regression discontinuity design. In sum, these results demonstrate that the More at Four Program is achieving its primary goal of improving school readiness for at-risk children.

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This research was funded by the North Carolina More at Four Pre-kindergarten Program, NC Office of Early Learning, NC Department of Public Instruction, as part of the statewide evaluation of the North Carolina More at Four Pre-kindergarten Program.

For more information, visit the More at Four Evaluation Project website at www.fpg.unc.edu/~mafeval.
Purpose of the NC Pre-Kindergarten Evaluation Study
The purpose of the 2015–2016 NC Pre-Kindergarten (NC Pre-K) Evaluation study was to examine the long-term effects of participation in NC Pre-K at the end of kindergarten. Two groups of children were compared—those who attended NC Pre-K (treatment) and those who had not attended NC Pre-K (comparison). Propensity score matching (PSM) was used to select a matched sample of children with similar characteristics across the two groups.

The study included a total sample of 512 children (NC Pre-K=255, non NC Pre-K=257) who attended 135 kindergarten classrooms during the 2015–2016 academic year, including a subsample of 119 children (NC Pre-K=58, non-NC Pre-K=61) who were Spanish-speaking dual language learners (DLLs). Researchers gathered assessment data in the late spring of kindergarten to examine the effects of participation in NC Pre-K on children’s language, literacy, math, executive function, and behavior skills at the end of kindergarten. For the DLL subsample, skills were measured in both English and Spanish using parallel measures. Parent surveys provided demographic information about the children and families, and teacher surveys provided information about demographic characteristics and classroom characteristics.

In addition, key characteristics of the NC Pre-K Program during the 2015–2016 year, along with trends over time (2003–2004 to 2015–2016), were examined based on statewide administrative data (NC Pre-K Kids and NC Pre-K Plan). Information examined included characteristics of the local NC Pre-K settings, the children served, the qualifications of teachers, and the distributions and counts of program participants and service providers.

Results
Treatment Effects
Children who attended NC Pre-K performed significantly better on math skills at the end of kindergarten compared to a matched group of children who did not attend NC Pre-K. Children in the NC Pre-K group had higher scores on calculation skills and the math composite, and marginally higher scores on math problem-solving. These results were based on a propensity-score matched sample of over 500 NC Pre-K and non-NC Pre-K children, with effect sizes in the small range (.16–.22).

There was little difference between a matched sample of NC Pre-K and non-NC Pre-K children on language and literacy skills at the end of kindergarten. In contrast to the findings for math skills, there were almost no differences in language and literacy skills, with the exception of one marginally significant finding for phonological awareness skills (effect size=.15). These results are consistent with data from national assessments such as NAEP showing relatively stronger performance in math than reading for NC students in later grades.

Participation in NC Pre-K had positive effects on children’s executive function at the end of kindergar-
Children who attended NC Pre-K performed better on a measure of executive function related to working memory compared to their peers who did not attend NC Pre-K. The effect sizes for these results were in the small range (.17) for the full matched sample of over 500 children and in the medium range (.39) for the subsample of over 100 Spanish-speaking DLLs. These results are important, because executive function is predictive of children’s later academic performance.

Program Characteristics
Many of the characteristics of the NC Pre-K Program were consistent with good quality standards, as well as with program guidelines. In 2015–2016, the average NC Pre-K class included a total of 16 children, with 13 (85%) funded by NC Pre-K. This number is actually below the program guidelines which specify a maximum class size of 18. The majority of the programs (78%) were at the highest, five-star licensing level, with another 17% at the four-star level. The average days of child attendance was 140 days (81% of the average days of operation).

In general, most program characteristics have been fairly stable over time. In 2015–2016, the NC Pre-K Program served nearly 29,000 children in over 1,900 classrooms located in more than 1,100 sites. The majority of children were from low-income families (90% qualified for free or reduced-price lunch). There were no changes over time in setting types, with about half in public schools, about one-third in private settings, and 16% in Head Start. Children’s prior placement also has remained consistent over time; over 70% of the children had never been served or were currently unserved in a preschool setting.

One continuing trend in the NC Pre-K Program has been improvement in the levels of teacher education and credentials. There have been significant trends toward increasing teacher education and licensure levels, and a significant decreasing trend in those with no credential over the past 13 years, since NC Pre-K became a statewide program. In 2015–2016, almost all NC Pre-K lead teachers had at least a bachelor’s degree in both public school and private settings (>99%). Nearly all lead teachers in public schools and over three-quarters in private settings had a B-K license, while relatively few teachers had no credential.
The North Carolina More at Four Pre-kindergarten Program is a state-funded initiative for at-risk 4-year-olds, designed to help them be more successful when they enter elementary school. The purpose of More at Four is to provide a high quality, classroom-based educational program during the year prior to kindergarten entry. Over the years, 90% of the children served in More at Four have qualified for free or reduced-price lunch; eligibility for the program is also determined by other risk factors, such as low English proficiency, identified disability, chronic health condition, and/or developmental delay. More at Four has been providing a full school year pre-k program since 2002–2003, and has served over 160,000 children during the first nine program years (2002–2010).

**Study Design**

Key findings on the long-term effects of participation in More at Four on children’s third-grade End of Grade (EOG) math and reading scores are presented below. Statewide data from the NC Department of Public Instruction was used for all third-graders in the 2006–2007 and 2007–2008 school years. Of these, the More at Four sample included children who attended the pre-k program for at least 70% of the school year (in 2002–2003 and 2003–2004). The total sample consisted of 5,554 children who attended More at Four and 200,062 comparison children. The analyses also examined results by poverty status in third grade, comparing poor children (eligible for free or reduced-price lunch) and non-poor children (not eligible). In addition, the analyses adjusted for children’s demographic characteristics of gender and race/ethnicity, as well as for state and local per pupil expenditures, which represented variations in the quality and resources provided by the school districts attended by different groups of children.

Two primary research questions were addressed by this study: 1) Are there any long-term benefits of participation in the More at Four Pre-k Program on children’s math and reading skills in third grade?, and 2) Do the effects of More at Four participation on children’s third-grade math and reading skills vary by children’s poverty status?
Major Results

• For all third-grade EOG outcomes—math and reading scale scores and achievement levels—poor children who attended More at Four performed better than their peers who did not attend More at Four. These results are of key importance, given that 90% of the children who attended More at Four were poor at that time.

• For non-poor children, those in the comparison group generally performed better than those who attended More at Four. However, the non-poor comparison group was likely more advantaged and included children who would not have been eligible for the More at Four Program during pre-k. In contrast, many of the MAF children were poor and had other risk factors at the time of pre-k.

• As expected, a consistent pattern was found where non-poor children performed better than poor children across all outcomes measured by the third-grade EOGs. However, these differences related to poverty were much stronger within the comparison group than within the MAF group.

Summary and Conclusions

These findings suggest that for poor children (those who qualified for free or reduced-price lunch), participating in the More at Four Program during pre-k had longer-term benefits in terms of math and reading skills at the end of third grade. These findings were consistent across all EOG outcomes, indicating a broad positive effect of participation in the More at Four Program. These findings are of note, given that poor children represent the majority (90%) served by the More at Four Program.

Not surprisingly, non-poor children performed better than poor children. This achievement gap in academic skills related to poverty is something that is widespread in our country. However, these effects were greater for the comparison group and substantially reduced for the MAF group. This may indicate that participation in More at Four has an ameliorating effect on the negative effects of poverty related to children’s academic achievement.

In sum, these findings provide evidence that the More at Four Program is helping to lessen the achievement gap for poor children in both math and reading performance, and that such early pre-k experiences can have a lasting effect into the elementary school years.
Taking Stock: Establishing the Different Starting Places in the Room (11:00 – 12:00)
Paired Interviews: Establishing the Different Starting Places in the Room

Find someone serving in a role different from yours from another table. (Check their nametags for colored dots.) For example, if you are a county commissioner go find a school board member or someone who delivers pre-K services in a community other than your own.

Ask your partner these questions and listen to the response. You may want to take notes. You will have a chance to share your partner’s vision with others in the next exercise. Switch talking/listening roles after 10 minutes. (You have 20 minutes to complete this exercise.)

1. What are your experiences with pre-K?

2. What changes do you expect to see because of your work?

3. What are your primary challenges for pre-K expansion?

Go back to your original table to share the highlights of your interview partner’s responses to these questions. Everyone should report highlights for Question One, then move to Question Two, then Question Three. (10 minutes)

When all have shared, discuss the following at your table:

4. How will your leadership make a difference on this policy question?
Good to Know: Connecting to Resources Inside and Beyond the Room (12:45 – 1:15)
NC Pre-K Issue Brief

North Carolina’s State-funded pre-kindergarten program is designed to deliver high-quality educational opportunities to at-risk 4-year-olds and other eligible children. There is strong evidence showing that young children who attend high-quality pre-k programs enter school more ready to learn than their peers. They’re also less likely to be held back a grade, less likely to need special education, and more likely to graduate high school (8 from 2015-16).

In 2011, the General Assembly changed the name from “More at Four” to “NC Pre-K” and switched program oversight from the Department of Public Instruction (DPI) to the Department of Health and Human Services (DHHS).

Quality/Benefits
North Carolina is one of six states with a pre-kindergarten program that meets all 10 National Institute for Early Education Research benchmarks* for quality standards.1

Children taking part in North Carolina’s pre-k program demonstrate greater language/literacy and math skills upon entering kindergarten than their at-risk peers who did not take part.2 Additionally, low-income children who participate in NC Pre-K achieve higher 3rd grade math and reading EOG scores than non-participating low-income children.3 Results from the 2013-14 NC Pre-K Evaluation Study indicate children enrolled in the program made significant gains across all domains of learning (5).

Access to state-supported early childhood programs significantly reduces the likelihood that children will be placed in special education in the third grade (4). Nationwide, special education costs nearly twice as much as traditional classroom education. At 2009 funding levels, North Carolina’s pre-k program reduced special education placements by 32%, resulting in significant cost savings for school districts and the State.4

Access/Funding
Eligible children are not guaranteed a slot in NC Pre-K. Access to North Carolina’s high quality pre-k program has been an issue for years. Nationwide, North Carolina ranks 24th in providing access to state-funded pre-kindergarten (1).

Although North Carolina has one of the fastest growing populations over the past decade, there are fewer state-funded pre-k slots today than in 2008-09. Thus, tens of thousands of eligible, at-

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2 Ellen Reisner-Feinburg, Ph.D. and Jennifer Schaaf, Ph.D., “Effects of NC More at Four Pre-K on Children’s School Readiness Skills.” Frank Porter Graham Child Development Institute, February 2011
3 Ellen Reisner-Feinburg, Ph.D and Jennifer Schaaf, Ph.D., “Long-term effects of the North Carolina More at Four Pre-kindergarten program.” Frank Porter Graham Child Development Institute, October 2010
5 NC Pre-K website: ncchildcare.dhhs.state.nc.us/general/mb.ncprek.asp
risk children are not able to participate in NC Pre-K because of a lack of funding. Current funding levels provide for approximately 29,400 slots, up from roughly 27,000 in 2014. The State invests approximately $5,300 per pre-k slot/year.

**Eligibility**
Four-year old children from families whose gross income is at or below 75% of the State Median Income (SMI) are eligible for NC Pre-K. Children of certain military families are also eligible without regard to income. In addition, 4-year-olds with risk factors including developmental disability, Limited English Proficiency, educational need, or a chronic health condition may also be eligible (5).

**NCSBA Position**
North Carolina is home to one of the highest quality pre-k programs in the country. Sadly, a majority of eligible children don't have access. NCSBA and local boards of education support NC Pre-K and believe additional investments must be made to expand the program and create more slots.

*Quality Benchmarks include: comprehensive early learning standards, lead teachers must have a BA degree with specialized training in pre-k, assistant teachers must have a Child Development Associate degree or equivalent, at least 15 hours/year of professional development, 1:10 or better staff to child ratio, 20 or lower maximum class size, developmental screens and referral, site visits, provide at least one meal/day.*
The Challenge

Communities are recognizing that building vibrant, desirable places for people to live and businesses to grow begins with ensuring each child has the opportunity to fulfill his or her potential.

They understand that their economic vitality is tied to how well young children are developing and thriving on outcomes that predict academic and career success.

For a strong foundation for future school and career success, children need health and development on track beginning at birth, supported and supportive families and communities and high quality birth-to-eight learning environments with regular attendance.

Current state and federal investments are not enough to meet communities’ needs and that impact children, families and business.

$8.3 billion
Annual lost wages of working families due to lack of child care¹

$4.4 billion
Annual loss to U.S. businesses due to employee absenteeism as a result of child care issues²

¹ The Cost of Work-Family Policy Inaction, 2016. Center for American Progress
² Parents and the High Cost of Childcare, 2016 Report. Child Care Aware of America

Unlocking Local Dollars for Early Childhood in North Carolina

Our Vision

North Carolina municipalities and counties leverage state and federal funding and make local investments to support the optimal development of children in their communities.

Municipalities and counties across the US are on the cutting edge of investing in early learning. Local revenue streams offer a means to expand early learning for communities, particularly as child populations are growing and demand for programs is increasing. In 2016 alone, a dozen communities across the country joined approximately 24 others in supporting local investments in young children. Investments range from expanding preschool to subsidizing child care to providing tax credits for parents, childcare programs and providers.

In North Carolina, local governments have the authority to invest in the education and well-being of their citizens and in the economic development of their communities. Wake and Mecklenburg counties already do so through annual county budgeting. In Durham, the County Commission, City Council and Public School Board has established a Community Early Education/Preschool Task Force to develop a plan to serve all three- and four-year olds in Durham County in high quality preschool by 2023. Buncombe, Forsyth and Mecklenburg counties also are studying further expansion of preschool. In 2016, the Mecklenburg County Commissioners authorized spending $500,000 to study expanding access to pre-kindergarten education.

What We Do

In 2016, the North Carolina Early Childhood Foundation (NCECF) published a toolkit, the first of its kind in the nation, to support NC communities in pursuing local investments for early childhood. Our website - Local Funding for Early Learning: A North Carolina Community Toolkit - offers communities information on how local government works, the local budgeting process, funding streams, a community readiness assessment and case studies from across the country.

A five-member Advisory Council, representing business, economic development and local government provided expert consultation on the development and content of the toolkit. The toolkit is non-partisan and does not recommend any single approach to advancing local policy and funding mechanisms.

NCECF hosted thirty community leaders from Buncombe, Durham and Forsyth counties for an all-day training to understand what financial mechanisms are available to communities in North Carolina to generate local revenue, hear about initiatives across the country and assess their own readiness to pursue local financing. County Commissioners, Chambers of Commerce representatives, nonprofit and business leaders, foundations and public school and public housing leaders came together to learn and share their vision for young children in their communities.

In 2017, NCECF will host a learning community for Buncombe, Durham and Forsyth counties, offer training to more NC communities and document more cases of local investments for early learning, especially rural communities.
In Our Partners Words

The toolkit is advancing policies that create a stronger NC today and tomorrow by supporting each child’s birth-to-eight development.

“Communities are hungry for better ways to meet the needs of their children. There is a dearth of information on how to grow your resources locally. This toolkit provides such an excellent guide to those who care about North Carolina children. I wish every state had one! In the child and youth field we need to get better at understanding the flow of resources, the tax and budget process, and creative financing mechanisms in order to be more effective.”

Elizabeth Gaines, Senior Fellow, The Forum for Youth Investment

“If your community is considering locally expanding early care and education services, the toolkit and workshop supplied by NCECF and the Budget and Tax Center is essential to your planning. Please take advantage of these wonderful resources. It will move the discussion forward!”

Jennie Ebben, Co-Chair, Asheville Buncombe Preschool Planning Collaborative

“The training was valuable because it put together different stakeholders to develop a strategy based in real knowledge of different ways to reach it, from the funding standpoint and making the case.”

Pilar Rocha – Executive Director, El Centro Hispano

Local Funding for Early Learning: A Community Toolkit

Local communities are powerful agents of change. Across the nation, towns, cities and counties are serving as hubs of innovation when it comes to early learning. In NC, early childhood investments have typically been funded with federal, state and lottery dollars. Local revenue streams offer another means to expand early learning in communities. This toolkit provides a first step in understanding local opportunities.

Invest in a Shared Vision

Make your donation online at www.buildthefounda(on.org/invest.

We happily accept checks as well.

Checks can be mailed to:
NC Early Childhood Foundation
907 Glenwood Avenue
Raleigh, NC 27605

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Act!

✓ Stay up-to-date on early learning issues. Subscribe to the NC Early Learning Foundation’s e-newsletter.

✓ Be a voice for young children.

✓ Mobilize your community.

✓ Participate in the NC Pathways to Grade-Level Reading Initiative.
Local Knowledge: Financing for Pre-K and Other Lessons Learned (1:15 – 1:45)
Local communities are powerful agents of change.

Across the nation, towns, cities and counties are serving as hubs of innovation when it comes to early learning. Local officials recognize third grade reading proficiency is directly tied to economic development, public safety and quality of life; and they recognize that improving third grade outcomes means investing in their youngest children.

In North Carolina, early childhood investments have typically been funded with federal, state and lottery dollars. Local revenue streams offer another means to expand early learning programs and practices for communities. While North Carolina law places some limits on local governments, there are opportunities for greater local investment. This toolkit provides a first step in understanding those opportunities.
SECTION 1 • HOW DOES LOCAL GOVERNMENT WORK?

1.1 — North Carolina Local Government 101
- What are the authorities and responsibilities of local governments?
- How are local governments organized?
- Who makes what decisions?
- How do municipalities and counties interact?

1.2 — Financing at the Local Level
- How does state law impact communities’ abilities to raise local funds?
- How does the local budget process work?

SECTION 2 • WHO FUNDS EARLY LEARNING?

Federal and State Funding Streams
- What federal funds are available for early learning?
- How does the state invest in early learning?
- How are funding streams maximized through blending and braiding?

SECTION 3 • WHAT ARE LOCAL FUNDING OPTIONS?

Potential Funding Mechanisms
- What funding mechanisms are available to communities?
- How does each mechanism work?
- How do we determine which mechanism is best for our community?

SECTION 4 • WHAT CAN WE LEARN FROM OTHERS’ EXPERIENCES?

4.1 — Case Studies: Cities and Counties
Seattle, WA | San Antonio, TX | Salt Lake City, UT | Miami-Dade, FL
Wake County, NC | Buncombe County, NC | Cincinnati, OH

4.2 — Case Studies: Rural Communities
Aspen, CO | Petal, MS

4.3 — Case Studies: State Innovation
Louisiana | Colorado | Oregon

SECTION 5 • HOW DO WE KNOW IF WE ARE READY?

5.1 — Lessons from the Field
- What advice do those who have succeeded and failed have for communities to consider when launching an initiative?

5.2 — Community Readiness Worksheets
- What questions do I need to answer to determine readiness to undertake a local financing initiative?

SECTION 6 • SOURCES

The Local Funding for Early Learning Community Toolkit is available in print and online at financingtools.buildthefoundation.org
ACKNOWLEDGMENTS

The North Carolina Early Childhood Foundation would like to thank the funders, authors, advisors and the designer of this toolkit. We are grateful for their commitment to young children and their willingness to contribute their time and expertise to this project. This collaboration brought together North Carolinians with a variety of experiences and diverse knowledge, with a shared purpose for each child in our state to have an opportunity for success.

*Special thanks to the Neimand Collaborative for sharing their excellent advocacy tools to help assess community readiness in Section 5.2.*

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COMMUNITIES

Thanks to community leaders from across the state who attended a workshop to contribute to the content and presentation of the toolkit to ensure it met the needs of local early learning advocates.

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Jerry Schafer is the Vice President for Worldwide Development for McDonald’s Corporation. He has led acquisitions for McDonald’s China and the Asia Pacific Division and was the Chief Financial Officer for Chipotle Mexican Grill. Mr. Schafer is a CPA with a wealth of financial knowledge and experience in corporate development and acquisitions.

Joe Waters is the Vice President of the Institute for Child Success, a research and policy organization focused on improving outcomes for young children, prenatal to age five. Waters leads the Institute’s policy and research programs, including the exploration of using Pay for Success financing for early childhood programs. He holds a B.A. from Furman University and a Master of Divinity from Duke University.

Mark Wells led the creation of an entrepreneurial and technology-based economic development organization, the Rockingham County Business & Technology Center. In 2011, the Center won the Governor’s Innovative Small Business Community Award for Rockingham County. Most recently, Wells served as Business Development Director for the City of Reidsville, NC. Wells was named to the Triad Business Journal’s Top 40 Under 40 list in 2009. Wells holds an M.B.A. from the University of Minnesota's Carlson School of Management and a B.A. from the University of North Carolina at Chapel Hill.
Alexandra Forter Sirota is the Director of the NC Budget and Tax Center. Her expertise includes human rights, community development, anti-poverty programs and asset building policy. She previously coordinated research on family economic security at Action for Children NC. Sirota worked in the Community Affairs Department of the Federal Reserve Bank of New York on system-wide research to document concentrated poverty and at Toynbee Hall in London on an initiative to connect unbanked residents with financial institutions. Sirota received a B.S. from Haverford College and a joint Master’s in International Relations and Public Policy from the University of Chicago.

Grace Reef is the founder of the Early Learning Policy Group, LLC, a Washington D.C. based government relations group. A veteran political and policy strategist, Grace worked for 17 years in the U.S. Senate as a senior advisor on families with children policy. She was the Chief of Policy & Evaluation at the National Association of Child Care Resource & Referral Agencies. She has worked with a number of state coalitions in partnership with the Alliance for Early Success to strengthen access to quality child care.

Cedric Johnson is a Policy Analyst with the NC Budget and Tax Center. Previously he served as a State Policy Fellow at the Georgia Budget and Policy Institute, sponsored by the Center on Budget and Policy Priorities. His research focused on the impact of education on economic growth in Georgia from early childhood to higher education. Johnson holds an M.B.A. from the University of North Carolina Kenan-Flagler Business School, a Master’s in Public Policy from The John F. Kennedy School of Government at Harvard University and a B.S. in economics from Clemson University.

Lisa Finaldi
Community Engagement Leader, NCECF

Tracy Zimmerman
Executive Director NCECF
This section provides an orientation to key aspects of local government in North Carolina. It focuses on how governments are organized, their respective responsibilities, authority and interactions; how policies and budgets are made and the basics of budget decision-making.

1.1 NORTH CAROLINA LOCAL GOVERNMENT 101
1.2 FINANCING AT THE LOCAL LEVEL
LOCAL GOVERNMENT 101

WHAT YOU’LL LEARN
▶ The authorities and responsibilities of local governments
▶ How local governments are organized
▶ How decisions are made
▶ How municipalities and counties interact

Understanding how local government works is the first step to seeking funding for early childhood in your community. Local governments have developed robust policy commitments and increased their investment in early childhood in recent years as they have sought to support families and build vibrant local economies. In North Carolina, the term “local government” can refer to a city, town, village or county.

Local governments derive their responsibilities for the delivery of public services from the state. In other words, the state tells local governments what they can and cannot do. This authority, while limited by the state constitution and judicial interpretations, sets out the ways in which local governments can meet the priorities of their citizens. Notably, local governments are empowered to make policy decisions that support the well-being of families and the foundation of the economy. Cities, towns, villages and counties may provide many services, including utilities such as water and sewer services as well as jails, police and sheriffs; ambulance services and county hospitals; fire protection; cemeteries and courtroom space.

Local governments also share with the state responsibility for education, health and human services and community economic development. For example, counties must supplement state funding of public school operations and may offer supplements to the state salaries paid to teachers or fund additional staff to support student success. In the area of health and human services, local governments have funded administrative costs and services in the face of state reductions and federal sequestration.

WHO DECIDES?

How local governments are organized and who has decision-making authority varies across North Carolina. All North Carolinians live in a county, while slightly more than half of North Carolinians live in a city, town or village, referred to as a municipality in this toolkit.
## What Are the Functions of Cities and Counties in North Carolina?

<table>
<thead>
<tr>
<th>Function</th>
<th>County Must Provide</th>
<th>City Must Provide</th>
<th>County May Provide</th>
<th>City May Provide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Enforcement</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
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<tr>
<td>Jails</td>
<td>✓</td>
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<tr>
<td>Medical Examiner</td>
<td>✓</td>
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<tr>
<td>Courts</td>
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<tr>
<td>Fire Protection</td>
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<td>✓</td>
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<tr>
<td>Streets</td>
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<td>Water</td>
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<td>Sewer</td>
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<tr>
<td>Solid Waste Collection</td>
<td>✓</td>
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<tr>
<td>Solid Waste Disposal</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>Land Use Regulation</td>
<td>✓</td>
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<td>✓</td>
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<tr>
<td>Building Code Enforcement</td>
<td>✓</td>
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<tr>
<td>Public Schools</td>
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<tr>
<td>Community Colleges</td>
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<tr>
<td>Libraries</td>
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<td>Social Services</td>
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<td>Public Health</td>
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<td>Mental Health</td>
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<td>Hospitals</td>
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<td>Deed Registration</td>
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<td>Election Administration</td>
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<td>Parks and Recreation</td>
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<td>✓</td>
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<tr>
<td>Tax Assessment</td>
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<td></td>
</tr>
<tr>
<td>Tax Collection</td>
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<td>✓</td>
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<td>✓</td>
</tr>
</tbody>
</table>

Adapted from Cities and Counties Elective Offices, UNC School of Government
MUNICIPAL GOVERNMENT

All municipalities in North Carolina are governed by an elected board called a City or Town Council, a Board of Commissioners or Board of Aldermen. The municipal charter determines the number of members, method of election and whether they represent district or at-large seats.

The governing body has the following responsibilities and authorities:

- Approves the budget annually and authorizes annual transfers of funds to other local government entities as allowed by statute, such as to School Boards.
- Sets rules and policies governing the administration of public services.
- Sets property tax rates and issues bonds.

The municipal charter also establishes how the government is organized. According to the North Carolina League of Municipalities, municipal governments may take the following forms:

<table>
<thead>
<tr>
<th>Municipal Government Formation</th>
<th>Responsibility and Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor - Council</td>
<td>The mayor and the council act together to make decisions about revenues, expenditures and services. There is no manager.</td>
</tr>
<tr>
<td><em>All elected</em></td>
<td></td>
</tr>
<tr>
<td>Mayor - Council with Administrator</td>
<td>The mayor and council authorize an Administrator to manage the day-to-day operations of municipal government.</td>
</tr>
<tr>
<td><em>Administrator appointed by Council</em></td>
<td></td>
</tr>
<tr>
<td>Council - Manager</td>
<td>The mayor and council set policy and hire a Manager to implement their policies. The Manager has specific statutory authority.</td>
</tr>
<tr>
<td><em>Manager appointed by Council</em></td>
<td></td>
</tr>
</tbody>
</table>

COUNTY GOVERNMENT

At the county level, a board of county commissioners is elected and has the following responsibilities and authorities:

- Sets county policy
- Sets county property tax rates
- Adopts the budget for the county each year

The county can appoint a county manager or administrator to oversee day-to-day operations.
To best understand your local context, assess local government entities and who influences them. The worksheets included in Section 5.2 can help with this process. Your community’s context and the nature of local governance will determine whom to target with policy efforts and the best ways to reach them. A core set of guiding questions include:

▶ Who has decision-making authority on early childhood issues?
▶ How does the particular configuration of my local government entities and the relationships between them affect the process and outcome in decision-making?
▶ Who is likely to influence the local government entities on an early childhood issue?

## ENGAGING LOCAL GOVERNMENTS

### County Government Entity

<table>
<thead>
<tr>
<th>Entity</th>
<th>Responsibility and Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of County Commissioners</td>
<td>Elected</td>
</tr>
<tr>
<td>Approves the county budget annually and authorizes annual transfers of funds to other local government entities like school boards. Sets rules and policies governing the administration of public services delivered by county agencies. Can set property tax rates and issue bonds.</td>
<td></td>
</tr>
<tr>
<td>County Manager</td>
<td>Appointed</td>
</tr>
<tr>
<td>Administers the day-to-day operations of county government.</td>
<td></td>
</tr>
<tr>
<td>School Board</td>
<td>Elected</td>
</tr>
<tr>
<td>Is a separate legal entity that serves as the governing body for the local school system. Sets policy for the school system that is implemented by the school superintendent and administrative staff. Enforces State Board of Education policy.</td>
<td></td>
</tr>
<tr>
<td>Social Services Board</td>
<td>Appointed</td>
</tr>
<tr>
<td>Sets the policies and rules governing the implementation of social services in the county.</td>
<td></td>
</tr>
<tr>
<td>Economic Development Commission</td>
<td>Appointed</td>
</tr>
<tr>
<td>Focuses on making their communities attractive for businesses to locate and grow.</td>
<td></td>
</tr>
<tr>
<td>County/Region NC Pre-K Committee</td>
<td>Membership criteria established by the Division of Child Development and Early Education</td>
</tr>
<tr>
<td>County/Region NC Pre-K Committee</td>
<td>Co-chaired by the School Superintendent for the local education agency and the board chair for the Smart Start local partnership. Selects a local NC Pre-K administrative agency. Develops operational policies and procedures. Provides programmatic and fiscal oversight for the local program.</td>
</tr>
<tr>
<td>Smart Start Local Partnership Board of Directors</td>
<td>Membership criteria established by The North Carolina Partnership for Children, Inc.</td>
</tr>
<tr>
<td>Allocates funding for evidence-based or evidence-informed programs for children from birth to five years of age that increase children’s literacy; increase parents’ ability to raise healthy, successful children; improve children’s health and assist child care programs in improving and maintaining quality.</td>
<td></td>
</tr>
</tbody>
</table>
ORGANIZATION OF A NORTH CAROLINA COUNTY

BOARD OF COUNTY COMMISSIONERS
Solid lines denote some measure of fiscal or appointive control by the board of commissioners

BOARD OF EDUCATION
SHERIFF
REGISTER OF DEEDS

COUNTY MANAGER

GENERAL ADMINISTRATION
Staff Departments
- Budget and Finance
- Personnel
- Purchasing
- Information Services
Line Departments
- Building Inspection
- Emergency Management
- Planning
- Veterans Services

OPTIONAL SERVICES
A county may provide some, none, or all of these services. Dotted lines indicate various administrative options, not all of which are available for all the services listed.
- Water and Sewer
- Solid Waste Collection and Disposal
- Fire Protection
- Ambulance and Rescue
- Hospital
- Airport
- Planning
- Community Development Agency
- Recreation
- Library
- Historic Preservation
- Community Appearance
- Human Relations

Local government 101

ADMITTED FROM THE HANDBOOK FOR NC COUNTY COMMISSIONERS, UNC SCHOOL OF GOVERNMENT
THE INTERSECTIONS BETWEEN MUNICIPALITIES AND COUNTIES

Local governments work together to deliver public services. The connections between local government entities take different forms including: shared decision-making, transfer of funding and pursuit of joint use or delivery of public services.

- Decision-Making: In the majority of North Carolina school districts, local school boards are an example of shared decision-making between a county and municipalities. Some regional entities also exist, particularly those that have been established through local initiatives with support of non-governmental entities.

- Funding: The largest source of shared revenue across a county and municipalities within its borders is local sales tax. Revenue collected through an occupancy tax at the county level also is sometimes shared with municipalities for tourism-related expenditures, such as construction of performing arts centers or to promote tourism. Federal funds are often distributed by the state to county agencies that may use them to deliver services through municipalities.

- Services: While the delivery of public services is the designated responsibility of a specific local government entity, there is some overlapping authority. Joint delivery agreements exist to ensure adequate support and efficient delivery of public services. For example, several counties have joined together to form a purchasing cooperative to support child nutrition. In some counties, emergency response management is shared across county and municipalities through shared service agreements.

HOW DO POLICY PRIORITIES GET IMPLEMENTED?

The county and municipal budgets are tools to expand early childhood investments in your community. In addition, there are other local policy levers available. Budgets and legislative acts are referred to as ordinances when enacted by local governments.

- Budget Ordinance: The Budget Ordinance is prepared by the Budget Officer to establish spending priorities and revenue collection anticipated by a local government entity. The Budget Ordinance is then implemented under the coordination of a Budget Officer and Finance Officer and with the support of local agency leadership. Section 1.2 describes the budget process in detail.

- Local Policy: This is a rule of conduct passed by a local governing body to establish local laws. These extend beyond policymaking areas with a fiscal impact and can include regulations seeking to curb or incentivize certain behaviors (such as a noise ordinance).

- Resolutions: Resolutions are non-binding statements adopted by local governments that can serve to promote or seek action on an issue by the appropriate decision-makers. For example, resolutions by local government entities have been used to recognize an important person or date in the community’s history or call on state policymakers to enact specific legislation. Resolutions have been popular in NC to support the Week of the Young Child.

- Internal Administration Practice: For administration of programs and services, there is some capacity for developing manuals of practice and procedure within agencies or for specific functions. While most rules are set by federal and state legislation to govern the administration of education and social service programs, there remain areas of rule-making within the control of local government. In the process of designing rules, there are often opportunities for input at public meetings or written comments.

- Motions or Orders: These are generally defined as the process by which a local government entity makes their decisions known.
FINANCING AT THE LOCAL LEVEL

WHAT YOU’LL LEARN

▶ How state law impacts communities’ abilities to raise local funds
▶ How the local budget process works

A major aspect of ensuring the delivery of quality early childhood programming is adequate and sustainable funding. There is a strong interaction between state policymaking and local authority and responsibility to craft a budget that invests in quality communities and supports children. Local governments are increasingly at the forefront of smart policy and investment strategies that can improve systems and outcomes for children.

Caution: Local investment cannot replace state and federal support. The need for investments in young children far exceeds a community’s capacity to meet on its own.

ABILITY TO RAISE LOCAL FUNDS IMPACTED BY STATE LAW

North Carolina’s state tax code has undergone significant changes in recent years. These changes have implications for local governments in terms of the availability of revenue, responsibility for service delivery and tools available at the local level to fund quality services for children and families.

Local governments derive authority to make spending decisions from state law. In other words, the state tells local governments what they can and cannot do. North Carolina General Statutes outline the purposes for which municipalities, counties or other special local governing bodies may raise funds. Read more in Section 3.

For early childhood, there are existing authorizations in the General Statute (law) that provide opportunity for early childhood advocates to seek local dollars.

▶ Municipalities: The state grants no authority to fund education with one exception. G.S. 160A-456 allows municipalities to establish and/or fund programs to improve education and the general welfare of low- or moderate-income citizens. Therefore, local governments currently are authorized for investments that target those most in need.

▶ Counties: Similarly, counties have authority to fund the education of their citizens and social services with limits placed through statute on specific programs in education delivered through the School District or with a focus on low- and moderate-income citizens. State law also establishes the authority for local governments to raise revenue and set tax rates. The state makes regular adjustments to that authority, which impacts local budgets.
THE LOCAL BUDGET PROCESS

1. The budget process can begin as early as the fall when the Budget Officer and the Municipal or County Manager provide direction regarding budget preparation and submission. Note that the Budget Officer and the Municipal or County Manager may be the same person.

2. Before April 30th, each local department director must submit a budget request and revenue estimate for his/her department for the upcoming fiscal year. The time frame is similar for counties and municipalities.

3. The Budget Officer, upon receipt of department requests, will prepare a budget for consideration by the county commissioners or municipal council no later than June 1. At this point: “The budget and budget message should be submitted (but is not required) at a formal meeting of the board.” A budget message is the public announcement of the proposed budget by the Municipal or County Manager.

4. Upon submission of the budget and budget message, the Office of the Clerk of the Board will share the budget document with news media in the county or municipality and give notice of the time and place of the budget hearing. This public hearing provides an opportunity to mobilize support for early childhood, an effort that should have been underway in a more targeted fashion throughout the process.

5. The county commissioners or the municipal council then hold a public hearing for comment on the budget. The public hearing is an opportunity for citizen and community leaders to speak on the record about early childhood.

6. Not earlier than 10 days after the budget is presented to the county commission or municipal council and no later than July 1, a budget ordinance shall be adopted. The budget ordinance sets the spending priorities and revenue collection anticipated by a local government entity.

7. Agency or department heads are then responsible for implementation of the budget ordinance. It is through implementation that the funds serve children. It is important to make sure that implementation is done effectively and efficiently. Doing so provides opportunities to identify needs for the next budget cycle.

WHAT YOU SHOULD DO

1. Check with the municipal or county clerk to determine the budget timeline in your community as it may vary by local government.

2. Ahead of this date and throughout the year, work directly with the relevant department leaders in your community to identify early childhood needs, effective programming solutions and funding sources to ensure that early childhood is considered in the development of the budget.

3. Review the budget message to see if the department director included early childhood funding. If not, speak directly with the Budget Officer about the needs for early childhood investment.

4. Reach out to early childhood supporters from which you have been building support to attend the hearing. Before the hearing, highlight how the budget document does or does not reflect the principles and priorities for sound early childhood programming.

5. Mobilize a variety of early childhood champions to comment at the hearing in order to demonstrate the importance of early childhood investments to the community. Testimony from community leaders such as business, faith and law enforcement is important, as well as from families that need and use services.

6. Praise local leaders who have prioritized early childhood, work with stakeholders to explain what the investments will mean for children in your community and call attention to items that may have been missed.

7. Monitor the implementation of the budget. This is an important and all too often forgotten aspect of the budget.
WHO FUNDS EARLY LEARNING?

Funding streams for early childhood are a combination of federal and state dollars. This section provides an overview of current funding streams by federal and state sources. Blending and braiding of funding streams is also discussed.

FEDERAL AND STATE FUNDING STREAMS

WHAT YOU’LL LEARN

- Federal funds available for early learning in North Carolina
- North Carolina’s investments in early learning
- How funding streams are maximized through blending and braiding

Learn more at financingtools.buildthefoundation.org/funding-streams
While early childhood initiatives are funded with federal, state and local dollars, federal dollars represent the largest share in NC. Over the past decade, funding for many programs has decreased or remained flat amid increasing demand. Given this trend, it is important to understand funding sources and how best to maximize them.

**FEDERAL FUNDING STREAMS**

Funding for early child development and learning initiatives is available to states through various federally-funded programs.

Federal dollars typically flow to the state in one of two ways:

1. A designated state agency charged with administering an early childhood program receives the federal funds (e.g., child care subsidy) or
2. Federal dollars go directly to providers of early childhood services at the local level (e.g., Head Start).

**FEDERAL FUNDING SOURCES FOR EARLY CHILDHOOD**

<table>
<thead>
<tr>
<th>FEDERAL PROGRAM</th>
<th>OVERVIEW</th>
<th>ADMINISTRATOR</th>
<th>FLOW OF FEDERAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care and Development Block Grant (CCDBG), also referred to as the Child Care Development Fund (CCDF)</td>
<td>It is the primary source of federal funding for child care subsidies for low-income working families. It also provides funds to improve child care quality.</td>
<td>US Department of Health and Human Services, Office of Child Care</td>
<td>• Federal funds go to the NC Department of Health and Human Services, which pays according to NC law-regulated child care centers and child care homes in local communities. • In FY 2014, an average of 65,600 children were served each month.</td>
</tr>
<tr>
<td>Head Start/Early Head Start</td>
<td>Head Start is a federally funded preschool program that provides comprehensive services to support the social, emotional, physical and cognitive development of three and four-year-old children. Early Head Start serves infants and toddlers.</td>
<td>US Department of Health and Human Services, Office of Head Start</td>
<td>• Federal funds go directly to local Head Start grantees. • For FY 2015, Head Start served 23,088 North Carolina children. For FY 2015, Early Head Start served 5,147 children.</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families (TANF)</td>
<td>TANF is designed to help low-income families achieve self-sufficiency. States receive block grants to design and operate programs that focus on parental employment and child and family well-being.</td>
<td>US Department of Health and Human Services, Office of Family Assistance</td>
<td>• North Carolina’s TANF program is called Work First. North Carolina transfers some TANF dollars to child care subsidy. • Federal funds go to the NC Department of Health and Human Services, Division of Social Services. • TANF is operated at the local level by county Departments of Social Services.</td>
</tr>
<tr>
<td>The Special Supplemental Nutrition Program for Women, Infants and Children (WIC)</td>
<td>WIC supports the health of low-income pregnant, post-partum and breast-feeding women; and infants and children up to age five who are at nutritional risk. It provides nutritious foods to supplement diets, information on healthy eating and referrals to health care.</td>
<td>US Department of Agriculture, Food and Nutrition Service</td>
<td>• Federal funds go to the NC Department of Health and Human Services, Division of Social Services. • WIC is operated at the local level by county Departments of Social Services.</td>
</tr>
<tr>
<td>IDEA Section 619 Preschool Funding (Special Education Preschool)</td>
<td>IDEA Section 619 awards formula grants to states, the District of Columbia and Puerto Rico to make available special education and related services for children with disabilities aged three through five.</td>
<td>US Department of Education, Office of Special Education Programs</td>
<td>• Federal funds go to the NC Department of Public Instruction, Office of Early Learning. • NC is required to distribute most of its grant to local educational agencies, which operate local programs.</td>
</tr>
<tr>
<td>FEDERAL PROGRAM</td>
<td>OVERVIEW</td>
<td>ADMINISTRATOR</td>
<td>FLOW OF FEDERAL FUNDS</td>
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</tr>
<tr>
<td>IDEA Part C—Grants for Infants and Toddlers (Special Education Early Intervention Services)</td>
<td>IDEA Part C awards formula grants to assist states and territories in implementing statewide systems of coordinated, comprehensive, multidisciplinary, interagency early intervention programs and making early intervention services available to children with disabilities, age birth through two.</td>
<td>Department of Education, Office of Special Education Programs</td>
<td>Federal funds go to the NC Department of Health and Human Services, Women's and Children Health section and are administered by the state's Children's Developmental Services Agency.</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>SNAP offers nutrition assistance to eligible, low-income individuals and families and provides economic benefits to communities.</td>
<td>US Department of Agriculture, Food and Nutrition Service</td>
<td>Federal funds go to the NC Department of Health and Human Services, Division of Social Services. SNAP is operated at the local level by human services agencies.</td>
</tr>
<tr>
<td>Maternal Infant, and Early Childhood Home Visiting Program (MIECHV)</td>
<td>MIECHV supports pregnant women and families and helps at-risk parents of children from birth to kindergarten entry access to resources and develops the skills needed to raise physically, socially and emotionally healthy children.</td>
<td>US Department of Health and Human Services, Health Resources and Services Administration, Maternal and Child Health Bureau</td>
<td>Federal funds go to NC Department of Health and Human Services, Women's and Children Health section. Through a Request for Proposals, communities are selected to implement home-visiting programs. MIECHV is operated at the local level through initiatives such as Nurse Family Partnership and Parents as Teachers.</td>
</tr>
<tr>
<td>Race to the Top—Early Learning Challenge Grants (RTT-ELC)</td>
<td>RTT-ELC grants were awarded to states on a competitive basis between 2011 and 2013 for development of a statewide infrastructure of integrated early learning supports and services for children, from birth through age five.</td>
<td>US Department of Education, Office of Early Learning and the Department of Health and Human Services, Administration for Children and Families, Office of Early Childhood Development</td>
<td>NC was awarded a five-year grant of $69.9 million. The lead state agency is the NC Early Childhood Advisory Council within the Office of the Governor. The NC Department of Health and Human Services, Division of Child Development and Early Education is the fiscal agent.</td>
</tr>
<tr>
<td>Promise Neighborhoods</td>
<td>Promise Neighborhood grants are awarded competitively to provide funds to non-profit, community-based organizations to support development of comprehensive neighborhood programs, modeled after the Harlem Children's Zone, designed to combat the effects of poverty and improve education and life outcomes for children, birth through college.</td>
<td>U.S Department of Education, Office of Innovation and Improvement</td>
<td>n/a</td>
</tr>
<tr>
<td>Preschool Development Grants</td>
<td>Preschool Development Grants are competitively awarded to support states to build or enhance preschool program infrastructure to enable the delivery of high quality preschool services to children.</td>
<td>US Department of Health and Human Services, Administration for Children and Families in coordination with the Department of Education, Office of Early Learning</td>
<td>n/a</td>
</tr>
</tbody>
</table>
STATE FUNDING FOR EARLY CHILDHOOD

State funding for early childhood initiatives is provided largely through two programs—NC Pre-K and Smart Start. NC Pre-K is funded by revenue generated from the state’s lottery games and annual General Fund appropriations. Smart Start is funded through annual General Fund appropriations. In addition to these two state-funded programs, North Carolina has made smaller state appropriations for programs such as Maternal and Infant Health and Child Care Subsidies.

STATE FUNDING SOURCES FOR EARLY CHILDHOOD

<table>
<thead>
<tr>
<th>STATE PROGRAM</th>
<th>OVERVIEW</th>
<th>ADMINISTRATOR</th>
<th>FLOW OF STATE FUNDING</th>
</tr>
</thead>
</table>
| NC Pre-Kindergarten Program            | The NC Pre-K Program is designed to provide high quality educational experiences to enhance school readiness for eligible four-year-old children. Program requirements are designed to ensure a high quality prekindergarten classroom experience for children in each local NC Pre-K Program. | NC Department of Health and Human Services, Division of Child Development and Early Education | - NC Department of Health and Human Services, Division of Child Development and Early Education.  
- At the local level, funds are administered by either the Smart Start Local Partnership or the Local Education Agency. |
| Smart - The NC Partnership for Children, Inc. | Smart Start consists of a network of nonprofit local partnerships led by The North Carolina Partnership for Children, Inc. Smart Start is a public/private partnership and has local partnerships serving all 100 North Carolina counties. | The North Carolina Partnership for Children, Inc. | - The North Carolina Partnership for Children, Inc., allocates funding to Smart Start local partnerships.  
- Smart Start local partnerships are independent, nonprofit organizations. |
| NC Infant-Toddler Program (ITP)       | ITP provides supports and services for families and their children, age birth to three, who have special needs. | NC Department of Health and Human Services, Early Intervention Branch | - Local Children’s Development Services Agency (CDSA) refers children to recommend services provided by ITP. CDSA has 17 offices across North Carolina. |
| Child Care Subsidy                     | Provides funds for low-income working families to afford child care.      | NC Department of Health and Human Services, Division of Child Development and Early Education | - NC Department of Health and Human Services, Division of Child Development and Early Education to local Departments of Social Services. |
| Developmental Day Center (DDC)        | DDC funds assist in providing special education and related services to eligible children with disabilities who are placed in approved developmental day centers by local education agencies. | NC Department of Public Instruction | - The NC Department of Public Instruction allocates funds to local education agencies. The local education agencies then contract with service providers. |
MAXIMIZING FUNDING STREAMS

To maximize the available dollars, early childhood administrators blend and braid funding. These strategies also are used to meet match requirements to draw down additional dollars.

- **Blending** is when “funds from two or more separate funding sources are wrapped together within one unified set of program services to children.”

  For example, in North Carolina, some local Smart Start funds are blended with federal or private funds to support Nurse Family Partnerships.

- **Braiding** is when “funds from two or more funding sources are coordinated to support the total cost of services to individual children, but revenues are allocated and expenditures tracked by categorical funding source.”

  Braiding requires a higher level of accounting precision with cost allocation methods employed and the ability to track revenues and expenses by individual funding source. For example, in North Carolina, Early Head Start and Child Care Partnerships are an example of braiding funds (often with subsidy funds).

  Some federal programs require that the state also invest funds.

- **Maintenance of Effort (MOE)** provisions require that the state does not reduce its investment in a program from year-to-year. MOE funds for federal programs require grantees to demonstrate that the state will maintain the level of non-federal funding for a program in effect prior to the federal grant award. For example, TANF maintenance of effort has included around $38 million in annual state appropriations for subsidized child care.

- **Matching funds** are required by some programs in order to draw down federal funds, which is not related to past funding levels like MOE.

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EARNED INCOME TAX CREDIT

The Earned Income Tax Credit (EITC) is a federal refundable tax credit for low- and moderate-income working people. It encourages and rewards work as well as offsets federal payroll and income taxes. For tax year 2015, more than 931,000 North Carolinians claimed the federal EITC, worth a total of $2.3 billion.\(^{10}\)

The federal EITC lifted approximately 298,000 North Carolinians—half of whom were children—above the federal poverty line between 2010 and 2012.\(^ {11}\) In 2007, state lawmakers established a state EITC to build upon the federal tax credit and provide a modest boost to the wages of low- and moderate-income North Carolina workers. In 2013, state lawmakers eliminated the state EITC, making North Carolina the first and only state with an EITC to eliminate the tax credit.\(^ {12}\) For tax year 2013, more than 927,000 North Carolinians claimed the state EITC, benefiting more than 1.2 million children.\(^ {13}\)
There are a number of funding mechanisms available to local communities in North Carolina for early learning investments. This section provides a menu of options that are both currently available and those that could be available through state or local policy change. Details to assist toolkit users in assessing the options for their local context are included.

WHAT ARE LOCAL FUNDING OPTIONS?

POTENTIAL FUNDING MECHANISMS

WHAT YOU’LL LEARN

- The basics of local funding mechanisms
- How to determine which funding mechanism is best for your community

Learn more at financingtools.buildthefoundation.org/local-funding-options
There are a number of tools—taxes, fees, funds and grants—available at the local level in North Carolina to fund early childhood. In this section, several funding mechanisms are described, including a description of funding structures, who pays, who collects the funds and how the funds are used.

**CURRENTLY AVAILABLE LOCAL FUNDING OPTIONS**

1. **ITEM IN A MUNICIPAL OR COUNTY BUDGET**

A municipal (town, village or city) or county budget allocates funds to departments or functions. For example, the budget will provide a specific amount to the County Department of Social Services.

Local governments cannot make binding commitments at the line-item level, meaning they cannot specify funds to be used for a specific purpose (e.g., planting trees). Instead, they can state a commitment to fund a specific government activity or program and allocate funds to a department to implement that funding through a resolution.

Early childhood programs are included in some county budgets as commitments. For example, in 2015 Wake County Commissioners pledged for the first time an investment that will provide high quality prekindergarten for more four-year-olds. The School District has agreed to allocate the funds.

**HOW DOES IT WORK?** When making its budget request, a department or function (such as public schools) identifies the full scope of funding needed. County, municipal managers and local elected officials can outline the financial resources needed to provide identified services or programming; however, they cannot make commitments at the level of specific activities or programs. Such commitments are made by department heads or with guidance from elected officials. Once passed by the city council or county commissioners, local budgets are available on county or municipal websites and provide summary level detail of appropriations.

**WHAT IS IT USED FOR NOW?** Municipal and county budgets are used to provide a variety of services from emergency management, planning, water and sewer to police, social services, public health and recreation. Each municipality and county determines what services are provided as only some are mandated by federal or state law. More details can be found in Section 1.2.
Local governments can issue bonds to secure funding for capital projects to build new or renovate existing facilities. Bonds are debt obligations by municipalities and counties. Investors purchase the bonds that are paid back by a municipality or county with interest by a specific date.

A number of recent local bond proposals, including one proposed in Forsyth County, have focused on new prekindergarten classrooms.

**HOW DOES IT WORK?** Generally, the school board is the best source of bond funds for early childhood. The school board develops a proposal for various bond packages for approval by county commissioners. If approved by county commissioners, voters must approve the final bond package.

A bond is issued against future anticipated revenues and thus local governments are required to prepare a feasibility study of their capacity to incur new debt and demonstrate an ability to repay the debt.

**WHO COLLECTS IT?** The Local Government Commission at the State Treasurer’s Office provides technical assistance in the design of the bond, ensures the bond sale is scheduled for the most appropriate time and supports local governments in the repayment process.

**WHAT IS IT USED FOR NOW?** Bonds are used for long-term capital investments such as water systems and buildings like courthouses or schools. They may not be used as a funding source for the day-to-day operations of local government programs or services because the ongoing nature of this need does not align with the time-limited revenue available from bonds.

Counties can increase their local sales tax by one-quarter of a penny provided that the public approves the increase by referendum. The ballot cannot say how the funds will be used, but the county board of commissioners can adopt a resolution that stipulates how it plans to use the revenues. In NC, only Durham County has resolved to allocate some of the funds raised through a local sales tax to early childhood education.

**HOW DOES IT WORK?** The local sales tax applies to most of the goods and services currently taxed through the state sales tax with the exception of food purchases and local motor vehicle and utility taxes.

Local sales tax options are limited to between 2 percent and 2.75 percent. As of 2015, only two counties have authorized 2.75 percent local sales tax options and a state-approved additional \( \frac{1}{4} \) cent sales tax is available only to a few counties—Mecklenburg, Wake, Guilford, Forsyth, Orange and Durham. Twenty-seven counties have a 2.25 percent local sales tax and 70 counties have a 2 percent local sales tax. Of the 106 referendums proposed from 2009 to 2014 to increase sales tax, only 29 passed.
At the county level, Boards of Commissioners have the ability to lower or raise property tax rates in North Carolina. Municipalities also have used property taxes to fund local services. Property taxes have long been used to fund education in other states and there are a growing number of localities and states across the country that allocate a portion of property tax dollars to early education.

Local governments in North Carolina have the authority to raise property taxes for specific purposes designated by the North Carolina General Assembly. Within the area of community development programs and activities, child care, health and education are listed explicitly. However, in consulting with several NC local government experts, it remains unclear if a broad set of early childhood programs or initiatives could qualify.

Typically, property tax revenue goes to the local government’s General Fund for a range of public services and expanded dollars can provide for new services and programs. North Carolina has low property tax rates compared to most of the nation. However, changes in housing values due to economic changes – the Great Recession for example—can impact the level of revenue raised from the local property tax, which in turn can make balancing local budgets using property taxes difficult.

**HOW DOES IT WORK?** The property tax in North Carolina is levied on real and personal property. Real property refers to an asset that is fixed to one location like a house or commercial building. Personal property refers to an asset that is moveable, such as a car.

The tax is the value of property based on its assessment value, which is updated periodically. In North Carolina, counties conduct assessments or re-valuations at least every eight years, but many currently operate on a four-year cycle for assessments. The rates are presented per $100 valuation. For example, Alamance County’s property tax rate is $0.58 per $100 in valuation.

Certain types of property are exempt from property tax. Non-profits, government and certain academic and religious properties are exempt.
WHO COLLECTS IT? Local governments collect their own taxes, but some contract with other entities to collect property taxes on their behalf. Municipalities often contract with the county to collect the tax with the help of the County Assessor and tax collectors.

WHAT IS IT USED FOR NOW? Roughly 38 percent of local revenue comes from the property tax to support local services.

LOCAL FINANCING OPTIONS THAT REQUIRE STATE POLICY ACTION

OCCUPANCY TAX

The occupancy tax in North Carolina is a tax on the stay in hotels and other accommodations. While a potentially significant source of revenue for tourist-based economies, the occupancy tax has traditionally funded tourism promotion.

The North Carolina General Assembly sets the occupancy tax rate for each locality and the designation of funds raised is set out in a local bill that must be approved by the North Carolina General Assembly. In order for this revenue to be used for early childhood purposes, the North Carolina General Assembly would need to set the occupancy tax rate and allocate funds to early childhood education.

ALLOCATION OF FEES

In some communities, the collection of fees could be designated for specific purposes. While this can be a volatile source of revenue, especially if the fees fluctuate with economic cycles, communities have found this a viable support for special projects or initiatives.

The source of fees could be building permits or the revenue from land trusts. The allocation of fees cannot be explicitly tied to an early childhood purpose, but through resolution and a public education campaign, efforts to raise a new fee or expand an existing fee to allow for expanded early childhood services is an option in North Carolina. The North Carolina General Assembly would need to allow local governments to collect fees for an expanded set of purposes inclusive of early childhood education.
Municipalities can establish a special taxing district in North Carolina to assess additional property tax on assets located within the designated district to fund projects and services specific to a district. Existing special taxing districts in North Carolina include efforts to address beach erosion, hurricane protection, downtown revitalization, transit oriented development, public schools and watershed improvement.

At this time, it appears that state-level legislation does not enable this kind of district to be established in North Carolina to collect revenue for early education purposes. There are, however, some special taxing districts that provide revenue to public schools. The North Carolina General Assembly could enact changes to the statute governing Business Improvement Districts or other special taxing districts to allow for the allocation of these dollars to include early education.

Local governments conduct a range of economic development efforts to support business expansion and employment in their communities. Early childhood services represent an economic development investment and could be included when considering incentives that encourage the retention and growth of local businesses and employment. Some states (Maine, Oklahoma, Florida, Louisiana, Colorado and Oregon) have issued tax credits for early childhood businesses. A similar approach at the local level could be taken to expand the number of spaces available for early childhood services.

Another option is to offer tax credits at the local level to working families. While none of the three localities with working family tax credits (New York, San Francisco and Montgomery County, Maryland) have been used explicitly for early childhood expenses, such a local policy could improve families’ ability to afford early childhood services. This does not have to be administered as part of a tax filing, but rather, as in San Francisco, via an application form made available at tax preparers or community sites. Neither tax credits for early childhood businesses or for families to afford early childhood programming are offered at the local level in North Carolina.

On the business side, no requirement is needed to change local policy regarding economic development incentives. However local governments would need to value early childhood providers as economic development engines and local job creators. On the working family tax credit side, a state child and dependent care tax credit would be an important step. For local level policies to be implemented, the North Carolina General Assembly would need to authorize these payments by local governments.
Social Impact Bonds (SIB), also known as Pay for Success, are a relatively new financing tool that enables government agencies to pay for programs that deliver results. This financing tool enables governments to set specific, measurable outcomes for a defined population, children birth through age three for example, and promise to pay an external entity, deemed an intermediary, an agreed upon amount if the desired outcomes are achieved.

Government agencies are not required to provide funding upfront. Instead, private investors, philanthropies and other non-governmental funders provide the upfront investment. If the intermediary fails to achieve agreed upon outcomes, the government agency does not pay, the external entity bears the cost. If the outcomes are met, the government agency pays the external entity the agreed upon sum with a return paid to the investors for taking the upfront risk. Payments typically rise for performance that exceeds the minimum target, up to an agreed-upon maximum payment level.

Salt Lake City has launched an SIB initiative to expand preschool. A case study is included in the toolkit. Several states either have launched or are considering SIB initiatives. While SIBs are an emerging concept, this creative financial tool presents local governments with a funding structure that can leverage private funding sources to design and carry out successful early childhood initiatives. Enabling state legislation would be required in North Carolina for local governments to create Social Impact Bonds, primarily because payments based on defined outcomes are not currently authorized for local governments.

ASSESSING FUNDING MECHANISMS

Assessing funding options is a complex mix of legal, financial and political considerations. Consider the following issues and then use the worksheet to help determine a funding mechanism that best supports your early childhood initiative.

▶ Adequacy of a Financing Strategy
The funding raised must be able to meet the needs for the early childhood system. This means first understanding the costs and demand for services now and in the future. It also means assessing the funding source for its ability to meet those costs and needs.

▶ Sustainability of the Funding Source
Consideration must be given to the stability and sustainability of the funding source. Since consistent programming for children delivers the best outcomes,

a funding source for systems change and ongoing service delivery needs more than one-time money. The possibility exists for one-time funds to be invested to generate a revenue stream that is sustainable over time, but absent such an approach, non-recurring funds may be problematic. Of particular importance is that new funding sources leverage and supplement existing funding, rather than replace it. Consider these issues:

▶ Can this funding source be relied upon in the long-term?
▶ How would it be affected by an economic downturn?
▶ What other factors could influence its availability over time?
## ASSESSING FUNDING MECHANISMS WORKSHEET

**Worksheet 3-1**

<table>
<thead>
<tr>
<th><strong>LOCAL FUNDING SOURCE</strong></th>
<th><strong>REQUIRES NC GENERAL ASSEMBLY APPROVAL OR A CHANGE IN LAW</strong></th>
<th><strong>LOCAL VOTER APPROVAL NEEDED</strong></th>
<th><strong>REVENUE LIMITS</strong></th>
<th><strong>QUESTIONS TO CONSIDER</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal or County Budget Item</td>
<td></td>
<td>Must be renewed each year as part of the budget cycle</td>
<td></td>
<td>Are we prepared to go back to the budget process each year to maintain the investment?</td>
</tr>
<tr>
<td>Bond</td>
<td></td>
<td>Available only for long-term capital investments, not day-to-day government operations</td>
<td></td>
<td>Since bonds are for capital investments, are there any capital investments that would be needed if the municipality or county invested in early learning? Do we have the political relationships and power to get an early childhood investment on the ballot for a referendum? Do we have the resources to support a campaign to encourage public support for the referendum?</td>
</tr>
<tr>
<td>Sales Tax</td>
<td></td>
<td></td>
<td>Local sales tax is limited to between 2% and 2.75%</td>
<td>Does our community generate enough sales tax revenue? Since a sales tax represents a greater share of the income of low- and middle-income taxpayers, is this the best approach? Do we have the political relationships and power to get an early childhood investment on the ballot for a referendum? Do we have the resources to support a campaign to encourage public support for the referendum?</td>
</tr>
<tr>
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<td>Unclear. Refer to property tax in this section for further details</td>
<td></td>
<td></td>
<td>Is the real estate wealth in the community such that it can support needed investments? What property tax rate would be required?</td>
</tr>
<tr>
<td>Occupancy Tax</td>
<td></td>
<td>NCGA sets the occupancy tax rate</td>
<td></td>
<td>Does our community have enough tourism to generate occupancy taxes? What occupancy tax rate would be required? Do we have the political relationships and power to gain support from our county to support the use of occupancy tax for early childhood rather than only for tourism?</td>
</tr>
<tr>
<td>Fees</td>
<td></td>
<td></td>
<td></td>
<td>What types/amount of fees could generate the necessary investment in early learning? Do we have the political relationships and power to gain support from our community and the NC General Assembly to allow the allocation of fees for early learning?</td>
</tr>
<tr>
<td>Special Tax District</td>
<td></td>
<td></td>
<td></td>
<td>Is the real estate wealth in the community such that it can support needed investments? What tax rate would be required? How do we determine the special taxing district(s)?</td>
</tr>
<tr>
<td>Tax Credits</td>
<td></td>
<td></td>
<td></td>
<td>Can we gain support for tax credits from economic development leaders in our community?</td>
</tr>
<tr>
<td>Social Impact Bonds</td>
<td></td>
<td></td>
<td></td>
<td>Do we have a set of foundations or venture capitalists that are engaged in early childhood issues that could be interested in investing? Does the proposed intervention focus on prevention? Do we have agencies that are prepared to define, measure and deliver the outcomes? Can the outcomes be observed in three to eight years?</td>
</tr>
</tbody>
</table>

### Potential Funding Mechanisms

1. **Municipal or County Budget Item**: Must be renewed each year as part of the budget cycle. Questions to consider: Are we prepared to go back to the budget process each year to maintain the investment?

2. **Bond**: Available only for long-term capital investments, not day-to-day government operations. Questions to consider: Since bonds are for capital investments, are there any capital investments that would be needed if the municipality or county invested in early learning? Do we have the political relationships and power to get an early childhood investment on the ballot for a referendum? Do we have the resources to support a campaign to encourage public support for the referendum?

3. **Sales Tax**: Local sales tax is limited to between 2% and 2.75%. Questions to consider: Does our community generate enough sales tax revenue? Since a sales tax represents a greater share of the income of low- and middle-income taxpayers, is this the best approach? Do we have the political relationships and power to get an early childhood investment on the ballot for a referendum? Do we have the resources to support a campaign to encourage public support for the referendum?

4. **Property Tax**: Unclear. Refer to property tax in this section for further details. Questions to consider: Is the real estate wealth in the community such that it can support needed investments? What property tax rate would be required?

5. **Occupancy Tax**: NCGA sets the occupancy tax rate. Questions to consider: Does our community have enough tourism to generate occupancy taxes? What occupancy tax rate would be required? Do we have the political relationships and power to gain support from our county to support the use of occupancy tax for early childhood rather than only for tourism?

6. **Fees**: Questions to consider: What types/amount of fees could generate the necessary investment in early learning? Do we have the political relationships and power to gain support from our community and the NC General Assembly to allow the allocation of fees for early learning?

7. **Special Tax District**: Questions to consider: Is the real estate wealth in the community such that it can support needed investments? What tax rate would be required? How do we determine the special taxing district(s)?

8. **Tax Credits**: Questions to consider: Can we gain support for tax credits from economic development leaders in our community?

9. **Social Impact Bonds**: Questions to consider: Do we have a set of foundations or venture capitalists that are engaged in early childhood issues that could be interested in investing? Does the proposed intervention focus on prevention? Do we have agencies that are prepared to define, measure and deliver the outcomes? Can the outcomes be observed in three to eight years?
<table>
<thead>
<tr>
<th>LOCAL FUNDING SOURCE</th>
<th>OPPORTUNITIES FOR THIS OPTION FOR YOUR COMMUNITY</th>
<th>CHALLENGES FOR THIS OPTION FOR YOUR COMMUNITY</th>
</tr>
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<tbody>
<tr>
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</table>
Private funding plays a critical role in the early childhood system and can serve as a catalyst for public efforts to secure local government commitment. Private funding can be secured through community foundations, donor advised funds, corporate foundations and individual donors. A key aspect of securing private dollars is to provide a gap analysis to show where government funds are not sufficient to address community needs.

In Kalamazoo, Michigan, private corporate donors funded college scholarships for every child who graduated from high school in that city as an incentive to keep families in their town. In Guilford County, NC community foundations are playing an instrumental role in catalyzing conversations about early childhood systems and funding efforts to align service delivery for young children though Ready for School, Ready for Life.

**To explore private funding opportunities, consider:**

▶ Does my community have a community foundation?
▶ What is the role of United Way in my community, and do they talk about early childhood?
▶ Which major employers in my area have charitable giving programs?
▶ Are there individual donors and donor-advised funds through the community foundation that are interested in early childhood?

Given considerations of sustainability and adequacy, it is unlikely that private funding alone can support a significant system change effort in early childhood. However, the role of private funding as a source of matching dollars and leadership in local efforts can be critical in demonstrating need and support for initiatives to local elected leaders.
WHAT CAN WE LEARN FROM OTHERS’ EXPERIENCES?

The case studies in this toolkit profile some of the best examples of local early childhood initiatives across the country and the financing methods that made them possible. A brief summary of the initiative is provided as well as results, steps communities took to get those results and challenges and opportunities each faced. The case studies provide valuable insight into what success looks like and what were keys to success.

4.1 ▶ CASE STUDIES: CITIES AND COUNTIES
Seattle, WA | San Antonio, TX | Salt Lake, UT | Miami-Dade, FL
Wake County, NC | Buncombe County, NC | Cincinnati, OH

4.2 ▶ CASE STUDIES: RURAL COMMUNITIES
Aspen, CO | Petal, MS

4.3 ▶ CASE STUDIES: STATE INNOVATION
Louisiana | Colorado | Oregon
OPPORTUNITY

Nearly one-quarter of Seattle children are not reading at grade level by third grade. The state pre-kindergarten program offered an opportunity to a limited number of children. The city had a challenge obtaining reliable data about children attending preschool. A gap analysis required by the City Council showed that between 3,300 and 4,500 were not enrolled in any preschool program. A citywide poll conducted in March of 2014 found only one-third of Seattle preschool-age children attended full-time preschool and about half reported using part-time preschool. Mayor Ed Murray sought to close the gap to promote school readiness and ultimately better school performance.

SUMMARY

In November of 2014, Seattle voters approved a referendum to increase property taxes to allow for 11 cents per $1,000 in assessed value to fund the operation of the Seattle Preschool Program. The increase is estimated to provide about $14.5 million per year for four years for a total of $58.2 million. In practice, homeowners with a home worth $400,000 pay an additional $43 per year.
CHALLENGES

Failed Attempt in 2003 // Seattle tried a similar initiative financed by a 10 cent tax on espresso drinks (dubbed the “latte tax”). The lesson learned from the 2003 effort was to use a broad-based levy, not a levy that was product specific.

Complicated Proposition // Seattle faced two propositions related to creating a preschool initiative. Each side waged a campaign. Proposition 1B contained an offset to pay for the initiative; Proposition 1A did not.

Ongoing Challenge // The City Council Ordinance called for a mixed delivery model. Initial implementation appears primarily school-based. Even after approval, it is important to continue to engage in implementation efforts to ensure that the initiative is implemented in alignment with the Ordinance.

GETTING TO ACTION

The initiative was spearheaded by the Children’s Alliance and their coalition, the Early Learning Action Alliance, Fight Crime Invest in Kids, the University of Washington and Seattle business leaders. The key was obtaining support (and leadership) from the Mayor. City Council support spurred the preparation needed to inform a pathway to approve a citywide preschool program (i.e., a gap analysis, polling action plan).

Sept 2013 // Seattle City Council adopted Resolution 31478 supporting a voluntary preschool program. The resolution called for a gap analysis and an action plan.

Feb 2014 // The Gap Analysis Report was presented to the City Council.

May 2014 // Seattle Mayor Ed Murray proposed an Action Plan (a program proposal combined with a financing mechanism).

June 2014 // The Seattle City Council approved the Mayor’s plan (Ordinance 124509), which included a special election on November 4, 2014, a proposition to lift the limit on regular property taxes and authorized a four-year pilot program.

Nov 2014 // Proposition 1B won approval with 67 percent of the vote, authorizing the preschool pilot serving 2,000 children in 100 classrooms by 2018 and the 11 cent property tax increase to fund the program.
RESULT

Seattle is funding a voluntary full-day preschool program for three- and four-year-olds that began in September of 2015. Tuition is free for families earning less than 300 percent of the federal poverty level, with a sliding fee scale for families earning more than 300 percent of the poverty level. Teachers receive on-site curriculum support and off-site training based on need, including best practices in inclusion, bilingual education, cultural competence and classroom management. The program is authorized for four years and is expected to serve 2,000 children.

KEYS TO SUCCESS

- Mayor and City Council championed the initiative
- Initiative was time-limited (not in perpetuity)—a four year pilot program
- The measure was paid for and the revenue source was broad-based (all property tax owners)
- A first step was passing a resolution to gauge support by elected officials
- The resolution called for material to help make the case moving forward (i.e. gap analysis)
- Polling showed high support
- A broad-based advocacy effort/coalition assisted in waging a campaign in support of the Proposition
- Sufficient fundraising was in place to launch an issue-based campaign

HOW DOES PROPERTY TAX WORK IN NORTH CAROLINA?

Local governments in North Carolina have the authority to raise property taxes for specific purposes designated by the North Carolina General Assembly. Within the area of “community development programs and activities” child care, health and education are listed explicitly. However, in consulting with several NC local government experts, it remains unclear if a broader set of early childhood programs or initiatives could qualify as a specified purpose.

Alternatively, local governments can adopt a resolution that affirms a desire to provide early childhood services with a portion of the property tax.
CITY OF SAN ANTONIO

PROGRAM  Full-Day Prekindergarten for Low-Income 4-Year-Olds

FUNDING MECHANISM  Sales Tax Referendum

OPPORTUNITY
San Antonio has a high drop-out rate, low fourth grade reading scores and widespread childhood poverty. The city is investing in prekindergarten as a strategy to promote school readiness and better academic performance. Sixty five percent of the city’s four-year-olds from low-income families were enrolled in full-day prekindergarten programs. Mayor Julian Castro sought to serve 100 percent of eligible four-year-olds.

SUMMARY
In November of 2012, San Antonio voters approved a referendum to increase local sales taxes by 1/8th of a cent to fund Pre-K 4 SA, a voluntary full-day prekindergarten program for four-year-olds from low-income families. The sales tax increase is estimated to provide about $33.6 million per year for eight years for a total of $268 million. It is estimated to cost an additional eight dollars per household per year.
CHALLENGES

Anti-Tax Increase Sentiment // The bipartisan, business-led task force helped gain support for a modest increase in the sales tax in a community where there was an anti-tax sentiment.

Partisan Politics // Mayor Castro was a Democrat elected in a conservative community. The campaign was positioned carefully, so it was viewed as bipartisan.

GETTING TO ACTION

Mayor Castro created a task force focusing on education outcomes. He recruited USAA CEO Major General (Ret.) Joe Robles and H-E-B (large grocery chain) Chairman and CEO Charles Butt as co-chairs. The task force was charged with addressing the following question: What is the single best use of an increase in the sales tax? The final task force report recommended investing in full-day prekindergarten.

May 2011  Mayor Julian Castro announced a task force led by business leaders and education experts. The task force reviewed three areas: early childhood education, high school dropout prevention and college attainment.

June 2012  Brainpower Task Force Report released. The task force recommended Pre-K 4 SA as the most effective way to change the trajectory for a child.

Aug 2012  City Council consideration and approval.

Nov 2012  Voter Referendum Wins 53.5% vs 46.4%.

Sept 2013  Program begins with the operation of two centers, two more were added in 2014.

2014  The Pre-K 4 SA campaign raised nearly $400,000 from private individuals and corporations to elevate the visibility and support for the initiative through television, radio and other media. Many small individual donations of $7.81 were made, the same amount that the sales tax increase was estimated to cost the average household.
RESULT

San Antonio began its third year of full-day prekindergarten in the fall of 2015. Four model education centers located in different quadrants of the city each serve 500 four-year-old children. Extended day (before and after care) is available at each of the centers. Participation is selected through a lottery administered by participating school districts. Pre-K 4 SA is free for children from low-income families who live within the seven participating school districts; ten percent of the slots are reserved for tuition paying families. Children from non-participating districts and children who do not meet the income criteria may attend and pay according to a sliding fee scale. In 2016, competitive grants will be awarded to local school districts, charter schools, private and parochial schools or community-based providers to serve an additional 1,700 children annually. The program is subject to voter reauthorization in November 2020.

KEYS TO SUCCESS

- Mayor and City Council championed the initiative
- Initiative was time-limited (not in perpetuity)—an eight year-pilot program
- The measure was paid for and the revenue source was broad-based (sales taxes)
- Leaders built support by passing a resolution as a first step
- A bi-partisan task force led by business leaders played a critical role
- A broad-based advocacy effort/coalition assisted in campaigning in support of the referendum
- Sufficient fundraising was in place to support the campaign

HOW DOES SALES TAX WORK IN NORTH CAROLINA?

Local governments in North Carolina are not allowed to dedicate revenue to specific initiatives from increasing the local sales tax rate. Local governments can adopt a resolution defining the intent of the sales tax increase.

The state could provide greater authority for local governments to raise sales tax rates and dedicate a portion of sales tax that is distributed through the state to certain purposes, or it could pilot a local effort.
There are nearly 90,000 children under five in Salt Lake County, and close to 18 percent or 15,500 live in poverty. More than 1,000 children were on the waiting list for preschool in the Granite School District. In 2010, Voices for Utah Children and United Way of Salt Lake reviewed longitudinal data conducted between 2006 and 2009, which demonstrated that 33 percent of students from low-income families who would likely have needed special education services in elementary school were not placed in those programs after participating in the Granite School District’s preschool program.

Granite School District in Utah is expanding its preschool program for three and four-year-old children through a Social Impact Bond (Pay for Success model) financed by Goldman Sachs ($4.6 million) and the J.B. Pritzker Foundation ($2.4 million). Research in the school district was showing trends that children who attended Utah’s high quality preschool were less likely to need special education in elementary school. The investors will be repaid based on cost savings realized through fewer children being placed in special education.

The United Way of Salt Lake oversees the Preschool Project in the Granite and Park City School Districts and is responsible for managing repayments to the investors. Students who attend the preschool program will be followed through the sixth grade.
**CHALLENGES**

*Engaging Local & State Policymakers in Complicated Financing Structure* //
With Wall Street involvement, gaining agreement from a legislature to enable private investors to partner with the state and local school districts was complicated.

**GETTING TO ACTION**

Voices for Utah Children began paving the way for a social impact financing project. Investors would be paid over a period of time, as children who otherwise might have been placed in special education were not. Janis Dubno, a Policy Analyst at Voices for Utah Children at the time, reviewed the longitudinal data. Her background as a financial analyst enabled her to understand the promise of preschool and the potential return on investment. The data led to a feasibility study, and she began talking to investors at Goldman Sachs about a potential social impact financing project. The data and feasibility study were critical to attract private investors for a “pay for success” project.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>2010</td>
<td>Voices for Utah Children, the Granite School District and United Way of Salt Lake identified a potential social impact financing project.</td>
</tr>
<tr>
<td>June 2013</td>
<td>Goldman Sachs and J.B. Pritzker announced loans to be distributed through the United Way of Salt Lake.</td>
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<tr>
<td>July 16, 2013</td>
<td>The Salt Lake County Council approved $350,000 to assist with “success payments.”</td>
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<tr>
<td>Fall 2013</td>
<td>Preschool slots offered to an additional 600 children.</td>
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<tr>
<td>April 2014</td>
<td>State legislature approved HB96, enabling private investors to partner with the state in preschool initiatives.</td>
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<tr>
<td>Spring 2016</td>
<td>State legislature passed SB101, an expansion of HB96, which allocated funds to increase access to existing high-quality preschool programs and create a preschool scholarship fund for children experiencing intergenerational poverty.</td>
</tr>
</tbody>
</table>

**RESULT**

In September of 2013, the Utah High Quality Preschool Program began delivering an evidence-based curriculum to increase school readiness among three and four-year old children. As a result of entering kindergarten better prepared, it is expected that fewer children will use special education and remedial services in kindergarten through 12th grade, which will result in cost savings for school districts, the State of Utah and other government entities. Private capital from Goldman Sachs and J.B.Pritzker is financing an expansion of the Utah High Quality Preschool Program to provide early education services to up to five cohorts totaling over 3,500 children. The initiative will follow four cohorts of children for 12 years.
RESULT

In 2015, investors received their first payout. Of the 595 new students, researchers estimated that without preschool, 110 students would have been likely to use special education in grade school. Students were identified through a predictive standardized test. Of those 110 students, only one used special education services in kindergarten. All 110 students will be monitored through sixth grade. (Note: This prediction has been called into question with some experts saying it was too high.)

KEYS TO SUCCESS

▶ Evidence-based model
▶ Strong feasibility study
▶ Local interest led by financial analyst as a champion
▶ Private sector investment interest
▶ Initiative was time-limited (not in perpetuity)—eight to nine years for each cohort; 12 years for all four cohorts—children receive one to two years of preschool depending upon age of entrance
▶ Contract with equity investors—100 percent of the risk is based on pay for performance (i.e., no payments are made unless children achieve a specified outcome—no placement in special education)
▶ Agreement that the structure of the deal would ensure repayments on a per-child basis and not affect whether a child who needs special education will be placed appropriately for such services
▶ Independent evaluation and outcome metrics

HOW WOULD SOCIAL IMPACT FINANCING WORK IN NORTH CAROLINA?

No social impact bond (SIB) initiatives are currently underway at the state or local level in North Carolina. To get started, an evidence-based model would need to be identified and a feasibility study would need to be undertaken. Sufficient private funders with patient capital would need to be identified.

There are opportunities for potential federal funding for feasibility studies. The development of SIB projects requires an understanding about how the financing works, staff time to develop the concept and work with private investors to structure a deal (which are separate costs from the operation of the intervention itself). Enabling state legislation would be required in North Carolina for local governments to create SIBs, primarily because the payments based on defined outcomes are not currently authorized for local governments.

SIB projects are evolving as local communities, state government, the federal government and private investors look to better understand how to structure projects. It’s a learning process for stakeholders with mixed results to date.
Miami-Dade County, Florida has a population of about 150,800 children under age five. While about 29.4 percent of all children under age five live in poverty, 44 percent who live with a single mother live in poverty. Slightly more than half of the families (52.1 percent) have income below $50,000. The needs of children were exceeding the resources and support systems available.

SUMMARY

In 2002 and again in 2008, voters in Miami-Dade County approved a referendum for a modest increase in property taxes to pay for the operation of a Children’s Services Council (CSC), a local government entity charged with awarding funds for programs and services to improve the lives of children and families. The property tax was increased by $.50 for every $1,000 of assessed property value. For 2014-2015, this increase amounted to $37 per year more in property taxes on a median priced home valued at $73,157. About $100 million is raised annually through the increase and is dedicated to the operation of the Children’s Trust in Miami-Dade County.
**CHALLENGES**

**Failed Attempt in 1988 //** Lessons learned included creating a broad-based initiative rather than limiting services to low income children. For 2002 and 2008, advocates raised money to operate a well-financed campaign, which was guided at every step by frequent polling.

**The Economy //** Despite a poor economy in 2008, the same strategy of raising money for the campaign and utilizing pollsters and professional staffing prevailed.

**GETTING TO ACTION**

Although Florida law allows local communities to approve a referendum to establish Children’s Services Councils, obtaining approval from voters to increase property taxes to pay for the councils was challenging. Miami-Dade failed to win approval for the initiative in 1988. At that time, the funds would assist only children from low-income families.

When supporters tried again in 2002, they applied lessons learned from the earlier attempt. They broadened the purpose to serve all children in the county, orchestrated a well-organized and strategic campaign team supported by a fundraising effort and included a sunset provision, which meant that voters would have a chance to reauthorize the funding in 2008. It passed.

In 2008, there was concern that voters might reject reauthorizing the Children’s Trust as part of an anti-tax sentiment as a result of the recession. A broad-based coalition including business leaders, religious leaders, and leaders within each of the ethnic communities was critical in diffusing opposition and building support among voters. To keep the operation of the Children’s Trust separate from the campaign, the Children’s Trust Political Committee was created. The initiative passed again and is up for reauthorization in 2020.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>Sept 2002</td>
<td>Miami-Dade voters approved the Children’s Trust and the property tax increase</td>
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<tr>
<td></td>
<td>to fund children’s services.</td>
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<tr>
<td>March 2007</td>
<td>Campaign manager hired.</td>
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<tr>
<td>Sept 2008</td>
<td>Voter referendum wins 85.4 percent vs 14.5 percent (during a recession)</td>
</tr>
<tr>
<td>Fundraising</td>
<td>About $743,000 was raised for the 2002 campaign. About $1.6 million was raised</td>
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<tr>
<td></td>
<td>for the 2008 campaign.</td>
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</tbody>
</table>
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Alternatively, local governments can adopt a resolution that affirms a desire to provide early childhood services with a portion of the property tax.

KEYS TO SUCCESS

- An organized and well funded campaign
- Intentional effort to create champions for the initiative
- A broad-based advocacy effort/coalition campaigned in support of the referendum
- Initiative was time-limited (not in perpetuity)—approved in 2002, reauthorized in 2008, next reauthorization is 2020
- The measure was paid for and revenue source was broad-based (all property owners)
- Polling helped guide targeting, activities and message

HOW DOES PROPERTY TAX WORK IN NORTH CAROLINA?

Local governments in North Carolina have the authority to raise property taxes for specific purposes designated by the North Carolina General Assembly. Within the area of “community development programs and activities” child care, health and education are listed explicitly. However, in consulting with several NC local government experts, it remains unclear if a broader set of early childhood programs or initiatives could qualify as a specified purpose.

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WAKE COUNTY
NORTH CAROLINA

PROGRAM
Prekindergarten

FUNDING MECHANISM
County Budget

OPPORTUNITY
There are approximately 4,600 four-year-olds eligible for NC Pre-K in Wake County. In Fiscal Year 2014-15, 25 percent (1,174) of eligible children in the county were served through the state’s public prekindergarten program. An additional 36 percent (1,645) of eligible children were served by other publicly funded preschool programs, including programs funded by Title I, Child Care Subsidy and Head Start. This left close to 40 percent of eligible children not being served.

SUMMARY
The 2015 budget for Wake County included $325,728 to expand NC Pre-K classrooms to serve more children. By 2017, the budget was increased to $488,600 with another $100,000 dollar-for-dollar match to encourage community investment.

RESULT
With the support of key County Commissioners, Wake County SmartStart presented the County Manager with three options for investment and provided specific numbers for expanded prekindergarten service. The result was that the County included $325,728 to expand NC Pre-K classrooms to serve an additional 144 young children. The additional investments since 2015 now provide access to NC Pre-K to 359 children.
CHALLENGES

Early Learning Lifetime Benefits Not Well Understood // Key stakeholders were often unfamiliar with research and evidence regarding the substantial lifetime benefits of high quality early childhood education.

Shifting Political Sands // Change in leadership in both elected bodies and professional staff (Wake County and school system) necessitated education of new stakeholders and cultivation of new champions.

Early Learning Not Prioritized // Many who are supportive of early childhood education did not necessarily see it as a top funding priority.

Advocates Lacked Coordination // Community education advocates were united in support of early childhood investments, but there was a lack of coordination in terms of strategy and tactics employed by various groups to achieve the same ends.

GETTING TO ACTION

The effort began over a decade ago when Wake SmartStart and Wake County Public Schools partnered to educate the public and community leaders about the importance of providing young children from economically disadvantaged families with high quality early learning experiences.

This collaborative effort to engage community leaders on the importance of early childhood policies and investments resulted in a historic action. For the first time, the Wake County Board of Commissioners pledged additional dollars to the NC Pre-K program and the School District has agreed to allocate those funds to give more four-year-olds a high quality prekindergarten experience that will prepare them to be successful in school.

KEYS TO SUCCESS

- Made the case for early childhood investments as a benefit to everyone in the community
- Created an ally in the school system by articulating a prekindergarten through 12th grade continuous system
- Focused on the child’s experiences and what they needed for lifelong success, instead of specific services
- Connected early learning to economic outcomes, participated in conversations about the community’s economic potential and served as an active member of the local Chamber of Commerce
- Built relationships with local appointed and elected officials
- Recruited local leaders for its Board of Directors
The cost of housing in Buncombe County has risen significantly in recent years with a shortage of affordable units pushing families further outside of the area and squeezing out other important family budget items like child care. Affordable housing was identified by partners in the Success Equation initiative, including Children First/Communities in Schools, the Buncombe Partnership for Children and other non-profit leaders, as a critical first step to support low-income families.

**SUMMARY**

When the Buncombe County Tourism Development Authority began considering an increase in its occupancy tax in 2015, local advocates requested that one percent of the tax be dedicated to affordable housing, child care and/or transit. The occupancy tax in North Carolina is a tax on the stay in hotels or other accommodations. The one percent allocation would generate over $2 million in revenue to support families throughout the county. *The occupancy tax was raised in Buncombe County by two percent, but the increase was designated to tourism marketing.*
CHALLENGES

Occupancy Tax Usually Funds Tourism // While occupancy tax is a potentially significant source of revenue in North Carolina, especially for tourist-based economies, it has traditionally funded tourism promotion and marketing efforts for an area.

NC General Assembly Sets Use and Rate for Occupancy Tax // The occupancy tax rate for a given locality is set by the NC General Assembly and the designation of funds raised also is set by the General Assembly through a local bill. (A local bill has limited application, affecting fewer than 15 counties.)

GETTING TO ACTION

In 2010, Children First/Communities in Schools of Buncombe County launched a listening project to document the experience of families facing poverty in their communities. More than 100 low-income people, including teens, mothers and service providers participated in focus groups and interviews. They represented a wide geographic range: from public housing in the city, the Emma community, south Asheville, east Asheville and Barnardsville.

These listening sessions formed the foundation of Success Equation, an initiative that launched a year later to “inspire and sustain a local movement to reduce the incidence of poverty and its impact on children.” Foundational to that effort is collaboration across service providers, community leaders, residents and advocates in the areas of early child development, child and family supports and family economic stability.

Key aspects of the work include aligning and connecting services to support families through the Family Resource Center Roundtable, identifying state and local policy opportunities to boost support for poverty reduction locally and building public awareness of the issues and evidence-based solutions that can lead to change in Buncombe communities.

LESSONS LEARNED

- Documenting the challenges of low income people through the listening tour provided authenticity and credibility to the Success Equation’s focus on early childhood, affordable housing and transit.

- Given that the occupancy tax rate and purposes are set by the NC General Assembly, advocates needed to work not only with local leaders and elected officials, but state officials as well. Local and state elected leaders were supportive of exploring alternative uses of the tax. However, the issue did not have the support of the local Tourism Development Authority nor leadership in the General Assembly.

- The Success Equation did not play an active role in the occupancy tax negotiations—but Children First/Communities in Schools staff did meet with elected officials in support of leveraging the tax for affordable housing. As a result of local media coverage, the community is more aware of the occupancy tax and there is a growing sentiment expressed in traditional and social media for those taxes to address community needs. The Success Equation will need to decide if there is merit to continue this effort.
CITY OF CINCINNATI

PROGRAM Access to Quality Preschool for Low-Income 3- & 4-Year-Olds

FUNDING MECHANISM Property Tax Referendum within the School District Boundaries

OPPORTUNITY

There are approximately 9,200 three- and four-year-old children in Cincinnati, and nearly half live at or below the federal poverty level. In Cincinnati Public Schools, 42 percent of students enter kindergarten unprepared. By third grade, 58 percent are not reading on grade-level. In 2013, the New York Times listed Cincinnati as one of the least economically mobile cities in the nation – in other words an individual or family is not able to improve their economic status. The city decided it needed to provide greater access to quality preschool to improve kindergarten readiness and better educational outcomes for at-risk students through the Cincinnati Preschool Promise.

SUMMARY

In November of 2016, Cincinnati voters approved Issue 44, a referendum to increase property taxes to allow a five-year, $48 million emergency levy of which $15 million is earmarked annually to expand quality preschool through Cincinnati Public Schools and community-based providers. In total, $75 million will be generated in public funding for the five-year project. In practice, homeowners with a house valued at $100,000 pay an additional $278 a year.
CHALLENGES

Opposition from Anti-Tax Coalition // Coalition
Opposed to Additional Spending and Taxes did not support the Cincinnati Preschool Promise because the property tax rate increase was too high.

Challenges of System Change // Forming a broad coalition of business, labor, the school system, community providers and others who were being asked to be part of a major, systemic change proved challenging.

GETTING TO ACTION

Beginning in 2012, the Strive Partnership, a group of organizations that work together to change the system of education, launched the Cincinnati Preschool Promise, an advocacy and organizing effort to provide two years of quality preschool for every child.

The Cincinnati Preschool Promise partnered with over 60 organizations such as Leadership Cincinnati (regional Chamber of Commerce), Crossroads Community Church, and the business community to provide a comprehensive overview of the impact of preschool and recommendations for expansion in Cincinnati. This research, produced by the RAND Corporation, helped guide the implementation of the program. The report underscored the importance of trained and supported professionals to achieve and sustain quality.

Nearly 10,000 people in the community signed a pledge in support of the Cincinnati Preschool Promise.

<table>
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<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2013</td>
<td>A pilot Cincinnati Preschool Promise program was launched for 25 children to build awareness and proof of concept.</td>
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<tr>
<td>2014</td>
<td>Community outreach such as forums, house parties, town hall meetings, one-on-one meetings, discussion with parents and providers and a website for feedback began a two-year effort to gather input for the initiative.</td>
</tr>
<tr>
<td>2015</td>
<td>Cincinnati Preschool Promise Steering Committee convened. Members included a broad coalition of parents, educators, preschool providers, business and community leaders.</td>
</tr>
<tr>
<td>Aug 2016</td>
<td>The School Board voted to put the levy on the ballot.</td>
</tr>
<tr>
<td>Aug 2016</td>
<td>United Way of Greater Cincinnati signed on as the agency to oversee the Cincinnati Preschool Promise.</td>
</tr>
<tr>
<td>Nov 2016</td>
<td>Issue 44 won approval with 62 percent of the vote, authorizing the expansion of access for affordable, quality preschool through a unique partnership with the Cincinnati Public Schools and the Cincinnati Preschool Promise. The program is funded for five years.</td>
</tr>
</tbody>
</table>
Cincinnati Preschool Promise aims to build a system of quality preschools (public and community-based) that offers access to two years of high quality preschool for all three- and four-year olds. An agreement that details how the preschool expansion would work was signed between Cincinnati Preschool Promise, Cincinnati Public Schools and the United Way of Greater Cincinnati. Parents who qualify may enroll their child in a community-based preschool or a Cincinnati Public Schools preschool of their choice. Funding from the property tax referendum will expand the number of quality preschools and tuition assistance for families who need it most.

**KEYS TO SUCCESS**

- The report by the RAND Corporation allowed for an independent agency to structure a financial roadmap for the program.
- Successful pilot programs showed the viability of expansion across the City of Cincinnati.
- Mobilization of the community and efforts to gather input with over 500 events varying from town hall meetings to house parties.
- Strong support from the Cincinnati Enquirer editorial board.
- Over 60 organizations in Cincinnati endorsed Issue 44 from the YMCA to congregations, the NAACP, unions and chambers of commerce.
- The AMOS Project, a consortium of faith-based organizations that joined the Cincinnati Preschool Promise, registered nearly 30,000 new voters.

**HOW DOES PROPERTY TAX WORK IN NORTH CAROLINA?**

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Alternatively, local governments can adopt a resolution that affirms a desire to provide early childhood services with a portion of the property tax.
RURAL COMMUNITIES

Rural communities face different challenges than their urban counterparts when it comes to funding a new initiative. Cities and counties with smaller populations tend to rely primarily on property tax revenue for their budget, resulting in limited opportunities for discretionary funding. That just means that rural communities have had to be more innovative.

Two communities—Aspen + Pitkin County, Colorado and Petal, Mississippi are profiled here.

RISEING TO THE CHALLENGE

**ASPEN, COLORADO**

The city of Aspen (population 6,728) enacted a local referendum in 1990 that increased sales taxes by .45 percent to fund child care services—including child care subsidies and quality improvements. The city sales tax was renewed in 1999 and 2008 and raises about $1.3 million per year. The Aspen case study provides more detail.

**PETAL, MISSISSIPPI**

In 2006, the city of Petal (population 10,815) was the first community in Mississippi to receive an Excel by 5 designation, which is a collaborative framework for improving the well-being of children under age five. The Board of Aldermen have allocated between $25,000 and $30,000 per year to the initiative. In 2014 funds were cut by $25,000 due to limits in available funds for the budget as a whole. The Board of Aldermen restored this funding in 2015. While funds allocated to the project are modest, the Excel by 5 designation has enabled the Center for Families and Children to leverage additional resources from other sources. See the Petal case study for more detail.
North Carolina’s rural communities have secured federal grants to improve outcomes for young children.

In January of 2014, Congress passed the FY2014 Consolidated Appropriations Act (P.L. 113-76), which provided $500 million for Early Head Start/Child Care Partnerships. The goal of the partnerships is to raise the quality of child care for infants and toddlers across the country. Currently, Early Head Start programs serve three to four percent of eligible infants and toddlers. Grantees partner with center-based and family child care providers who agree to meet Early Head Start Program Performance Standards and provide comprehensive, full-day, full year, high quality services to infants and toddlers from low-income families.

Two rural communities in North Carolina applied for and were awarded funding (overall 11 communities in North Carolina received funding). In Kings Mountain, the Cleveland Partnership for Children received $2.2 million to serve 144 infants and toddlers through age three.

In Kinston, the Greene Lamp Community Action Agency was awarded $1.1 million to serve an additional 72 children in six programs in Lenoir and Greene Counties. The funds will be used to support infants and toddlers in four licensed child care centers and two family child care homes.

The Early Head Start/Child Care partnership grants require collaboration and coordination among various agencies to ensure that the children in targeted child care programs receive services consistent with the Early Head Start program. For example, all children are required to have health screenings and see a dentist and home visiting is required along with a strong parent engagement component. The coordination and collaboration required of grant applicants can help set the stage for future collaborative funding efforts.
CITY OF
ASPEN

PROGRAM
Kids First Child Care

FUNDING MECHANISM
Sales Tax Referendum

OPPORTUNITY
The city of Aspen, Colorado and Pitkin County represent a rural community in Colorado. There are about 17,400 people living in the community with 758 children under age five. Many parents work in the services sector (hotels, restaurants and tourist support industries) and are challenged with low wages, yet a high cost of living. As businesses sought to attract and retain employees, housing costs and child care costs combined to become barriers to expanding, sustaining and growing industry.

SUMMARY
In 1990, Aspen, Colorado voters approved a referendum to increase the sales tax by .45 percent dedicated to “providing affordable housing and day care” within Aspen and Pitkin County. Ordinances extending the .45 percent sales tax were approved in 1999 and 2008. Revenue generated is set-aside in a separate fund through 2038. In 2014, about $1.3 million was generated through the sales tax for child care use. Funds are used for a wide range of purposes from child care subsidy to professional development for child care providers.
CHALLENGES

Garnering Support for a Sales Tax // While a sales tax is levied in a broad-based manner, it was helpful that the local economy was driven by tourism and the perception was that tourists would be contributing to the local community.

GETTING TO ACTION

Workforce support was essential to economic stability and growth for employers within Aspen and Pitkin County. In a bipartisan effort, business leaders and advocates, in partnership with the City Council, spearheaded the housing and child care initiative.

| 1990      | Ordinance No. 81 to increase sales taxes by .45 percent and set aside such funds in the “Affordable Housing Fund and the Day Care Fund” was approved with 53 percent of the vote. |
| 1999      | The sales tax was renewed with 66 percent of the vote. |
| 2008      | The sales tax was renewed with 67 percent of the vote through Referendum 2E, extending the .45 percent tax through 2038. |

RESULT

The Kids First program helps families find and afford child care and assists providers in improving the quality of child care. While Kids First is part of Aspen City government, it assists families and providers throughout Pitkin County. Slightly more than half of the .45 percent sales tax is allocated to Kids First. Since it is a sales tax, there are annual variations in collections related to the economy with a high of $1.6 million and a low of $1 million over the years. In 2014, the tax generated $1.3 million for Kids First and in 2015, it is predicted to raise about $1.6 million. For child care subsidies, the Kids First program assists families with income up to 500 percent of the federal poverty level, thereby assisting families who do not qualify for a state subsidy. The Kids First program also offers grants to child care providers for quality improvements, professional development, infant and toddler operational support and start-up costs, as well as bus passes for employees, training and technical assistance, substitute staff, quality improvement coaches, grant writing and resource development assistance.
Local governments in North Carolina are not allowed to increase the local sales tax rate to fund specific initiatives. Adopting a resolution that affirms intent is the next best option for local governments in North Carolina.

The state could provide greater authority for local governments to raise the sales tax and dedicate a portion of the sales tax that is distributed through the state to certain purposes or to pilot a local effort.

KEYS TO SUCCESS

- The need was understood—due to the high cost of living, businesses recognized that in order to retain and attract workers, families needed support
- Initiative was time-limited (not in perpetuity)—reauthorized in 1999 and 2008
- The measure was paid for and the revenue source was broad-based (sales taxes)
- Passing a resolution to gauge support by elected officials was a first step
- A broad-based advocacy effort/coalition campaigned in support of the referendum

HOW DO SALES TAXES WORK IN NORTH CAROLINA?

Local governments in North Carolina are not allowed to increase the local sales tax rate to fund specific initiatives. Adopting a resolution that affirms intent is the next best option for local governments in North Carolina.

The state could provide greater authority for local governments to raise the sales tax and dedicate a portion of the sales tax that is distributed through the state to certain purposes or to pilot a local effort.
CITY OF PETAL

OPPORTUNITY

Petal, Mississippi has 370 children under the age of five, 19 percent of whom live in poverty. The school district’s enrollment is 3,600 students. The district has a 53 percent free and reduced lunch rate. However at 61 percent, the rate is higher for children in kindergarten through second grade.

SUMMARY

In 2006, Petal, a rural community of 10,600 located outside of Hattiesburg, became the first community in Mississippi to achieve Excel by 5 certification (a community-based designation that sets a framework to improve child well-being by age five). Funding sources include a portion of local property tax revenues and funding from the Petal School District, the County Board of Supervisors, a local education foundation and private grants.
**CHALLENGES**

**Rural Community, Small Budget** // It is difficult to allocate resources to address the needs of children from low-income families in a rural community when the overall size of the budget is small. By working to achieve the Excel by 5 designation, a plan was developed, partnerships were formed and efforts to meet the needs of young families were better coordinated.

**GETTING TO ACTION**

Petal united behind an effort to achieve Excel by 5 certification and leveraged the certification to secure new funding. The Petal School District served as the lead agency within a broad coalition of community leaders, which included the Mayor, the Board of Aldermen, the Superintendent of Schools, the Chamber of Commerce, religious leaders, child care and Head Start directors and others.

In addition to funding, the city reorganized its infrastructure to better serve children and families. The School District relocated its Center for Families and Children to a larger facility, which allowed it to create a one-stop gateway to community programs such as Head Start, Early Head Start, Child Care Resource and Referral and an Early Intervention Specialist.

- **2005** Petal convened a coalition to pursue Excel By 5 certification.
- **2006** Petal became Mississippi’s first certified Excel By 5 early childhood community.
- **2007** The Board of Aldermen allocated a portion of city revenues to assist in funding an early care and education coordinator.
- **2014-2015** In an overall budget squeeze, funding was reduced in 2014 by $25,000, but was restored in 2015. In addition in 2015, the Forrest County Board of Supervisors allocated $8,000 to install heating, air conditioning and a generator for the Backyard Bus (a classroom on wheels that takes learning to neighborhoods).
RESULT

The Excel by 5 designation process enabled the school district to work with the business and the health and early childhood communities to build a broad-based effort with a common vision for young children. Petal’s Center for Families and Children now houses services for families in one location: Head Start, Early Head Start, Child Care Resource & Referral, Parents as Teachers and First Steps (early intervention). The Excel by 5 designation also was a springboard to initiate other funding ideas to increase resources for young children. Playshops are offered weekly where parents bring young children to play in small groups observed by speech pathologists, occupational therapists and other early childhood specialists. The Center has launched the “Backyard Bus,” designed and painted by a local artist, to visit neighborhoods twice a week, offering hands-on activities for young children to foster social, emotional, physical and cognitive development.

KEYS TO SUCCESS

- Support from the Mayor and Board of Aldermen
- Community-building: Connecting services for young families
- Obtaining Excel by 5 certification
- Uniting and coordinating school district and social service interventions/programs
- Broad coalition support
At a time of limited resources, some states have created tax credits to strengthen the quality of child care, expand access to quality care or promote additional investments in child care to supplement appropriated funds. A tax credit allows certain taxpayers to subtract the amount of the credit from the total taxes they owe the state.

### Table 4-1

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>CHALLENGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can supplement existing resources.</td>
<td>Typically insufficient to promote systemic change on its own.</td>
</tr>
<tr>
<td>Perceived as an investment or incentive for investment, rather than a tax.</td>
<td>Difficult to distribute equitably across the state because child care programs may not be distributed evenly across the state. For example, investment in urban areas could be disproportionate.</td>
</tr>
<tr>
<td>Serves as additional means to increase funding.</td>
<td>Tax credits can be complicated and require active outreach to engage individuals and businesses.</td>
</tr>
<tr>
<td>Tax credits for professional development are really wage supplements, particularly to the extent that they are refundable.</td>
<td>If not refundable, low-wage individuals may not be able to take advantage of them.</td>
</tr>
<tr>
<td>Tax credits are an important incentive for both investing in a social good and enabling investors to realize an economic benefit (i.e., reduce taxes otherwise owed).</td>
<td>Businesses without tax liability have little incentive to use tax credits.</td>
</tr>
</tbody>
</table>

### ELEVATING CHILD CARE

**Louisiana, Colorado and Oregon each created tax credits to improve the quality of child care.**

- **Louisiana:** Louisiana’s School Readiness Credit is a broad-based effort to provide incentives for parents to choose quality child care, for providers to serve children whose care is paid for with a subsidy and raise quality on state’s quality rating system (Quality Start), for professional development for directors and teachers, and to promote employer investments in quality care and Child Care Resource and Referral agencies to assist parents in finding quality care.
Colorado: The Colorado Child Care Contribution Credit promotes quality care by encouraging individuals and businesses to donate to child care programs.

Oregon: The Oregon Child Care Contribution Credit promotes quality care by encouraging individuals and businesses to donate to a state fund used to improve the quality of child care and to promote access to quality care.

THE STATE OF LOUISIANA

In 2007, the Louisiana State Legislature passed legislation to provide five tax credits, which are collectively referred to as the School Readiness Tax Credits. The credits are designed to strengthen the quality of child care and incentivize child care programs to participate in the state’s voluntary child care quality rating system.

The School Readiness Tax Credit package includes:

- The Child Care Expense Tax Credit (for parents)
- The Child Care Provider Tax Credit (for programs)
- A tax credit for child care directors and staff (for child care personnel)
- A tax credit for business-supported child care
- A tax credit for donations to Child Care Resource and Referral agencies

FOR PARENTS

The child care expense tax credit allows parents with children under age six who attend a program with at least two stars (out of five) in the Quality Start Child Care Rating System to receive a tax credit, which increases as the star rating of the child care program increases. More than 14,500 parents claimed the credit in 2012. The average credit in 2012 was $194.

FOR STAR-RATED CHILD CARE PROGRAMS

Child care providers who care for foster children or children who participate in the Child Care Assistance Program (child care subsidy) are eligible for a refundable credit based on the average monthly number of those children who attend the program multiplied by a credit amount that increases as the star rating of the program increases. More than 530 providers claimed the credit in 2012 with an average credit of $7,640.

FOR CHILD CARE WORKFORCE PROFESSIONAL DEVELOPMENT

Child care directors and staff are eligible for a refundable credit if they work at least six months for a licensed program that participates in the Quality Start Child Care Rating System and are enrolled in the Louisiana Pathways Child Care Career Development System. Over 3,300 directors and teachers claimed an average credit of $2,000 in 2012. The credit increases as the level of professional development increases.
FOR BUSINESSES

A business tax credit is available for employers that support quality child care. The credit is a percentage of eligible expenses and is based on the quality rating of the child care program (i.e., the credit increases as the star level of the program increases). The average credit in 2012 was $4,070.

Eligible support includes:

▶ Expenses to construct, renovate, expand or repair an eligible child care center, purchase equipment for a center or maintain or operate a center. Expenses cannot exceed $50,000 in per tax year.

▶ Payments made to an eligible child care program for child care services to support employees, not to exceed $5,000 per child per tax year.

▶ The purchase of child care slots at an eligible child care program not to exceed $50,000 per tax year.

▶ The credit is 20 percent of expenses for five-star programs, 15 percent of expenses for four-star programs, 10 percent of expenses for three-star programs, and five percent of expenses for two-star programs.

FOR DONATIONS TO RESOURCE AND REFERRAL AGENCIES

Businesses can receive a credit for donations up to $5,000 per year to Child Care Resource and Referral agencies. The average credit in 2012 was $1,750.

In 2012, 90 businesses claimed the credit generally and 210 businesses claimed the credit for donations to Child Care Resource and Referral agencies. In total for 2012, the credits resulted in an additional $14.4 million for child care. Some of this funding also was used as state match for the Child Care and Development Block Grant (CCDBG) program.
THE STATE OF COLORADO

THE CHILD CARE CONTRIBUTION TAX CREDIT

The Child care Contribution Tax Credit in Colorado was enacted in 1998 and has been amended several times. Individuals and corporations can claim a credit for contributions made to qualifying child care organizations for eligible purposes. In-kind contributions such as labor, materials and other non-cash donations do not qualify for the credit.

When originally enacted, the credit was equal to 25 percent of the value of the donation. In 2000, the credit was amended to increase the value of the credit to 50 percent of the donation.

QUALIFYING ORGANIZATIONS

Licensed child care centers, child placement agencies, family child care homes, foster care homes, youth shelters, residential child care facilities, secure residential treatment centers and registered child care programs (providing the same services as licensed providers and registered with the Colorado Department of Revenue).

ELIGIBLE PURPOSES

Contributions to promote child care in Colorado for the establishment or operation of a child care program to establish a grant or loan program for families who require financial assistance for child care, for the training of child care providers, for the provision of information and referral services to assist parents in obtaining child care.

Credits are limited to $100,000 per year for individuals and businesses and are not refundable (i.e., any credits that exceed tax liability are carried forward for up to five years). There is no limit on the amount of overall donations that can be claimed. The credit sunsets on January 1, 2020. In 2013, 11,720 households claimed an estimated $6.3 million in credits. In addition, 17 employers claimed the credit at an estimated value of $5,268.

OF NOTE

In 2008, the Colorado State Legislature passed a “revenue growth trigger” that was designed to prohibit the use of all state credits if general fund revenue projections were insufficient to allow operating appropriations to increase by at least six percent. Credits that otherwise could have been taken at the time, were deferred until the state was in a better financial position, at which time current and “back credits” would be allowed. The State Legislature repealed the trigger in 2011 for tax years 2013 and beyond.
THE CHILD CARE CONTRIBUTION TAX CREDIT

The Child Care Contribution Tax Credit in Oregon was enacted in 2003. Donations are not made to individual child care programs, but rather to the Office of Child Care, which uses the funding for child care initiatives. The tax credit is worth 75 percent of the contribution and is not refundable, but may be carried forward to be used within the four years. The total amount of credits is capped at $500,000 per year, which yields $667,000 in revenue to be used for child care.

Funds are distributed to child care programs throughout the state on a competitive basis and have been used to increase provider wages, expand access to professional development, reduce parent costs to less than 10 percent of family income and improve the quality of care.

ELIGIBLE GRANT RECIPIENTS

To be eligible for grants through this fund, providers are required to be regulated by the Office of Child Care, accept children whose care is paid for by a subsidy, provide high quality care as defined by the Early Learning Council in collaboration with the Oregon Advisory Council and permit monitoring visits. In addition, home-based providers must enter into an agreement to continue to provide child care services for at least two additional years and provide care to children from at least two families that have incomes of 85 percent or less of the state median for the region. For centers, at least 25 percent of the families served by the center must have income at 85 percent or less of the median for that region. Priority is given to applicants who charge low-income families less than 10 percent of gross family income.

OF NOTE

The Oregon Child Care Contribution Tax Credit passed as a pilot in 2001. The original concept, modeled after the federal low-income housing tax credit, was advocated by the Enterprise Foundation. At $500,000, the cap on allowable credits is low. Future legislative efforts may be pursued to increase the cap.
Committing to secure local funding for early learning in your community takes knowledge and know-how. What is your community’s capacity and willingness to invest, and what is your organization’s ability to launch and sustain an effort? This section provides lessons identified from communities engaged in local financing efforts and a tool to determine your community’s readiness for such an effort.

5.1 ▶ LESSONS FROM THE FIELD
5.2 ▶ COMMUNITY READINESS WORKSHEETS
LESSONS FROM THE FIELD

In creating this toolkit we interviewed people across the country—both those who had succeeded and those who had failed in efforts to implement local early learning financing initiatives. We asked them to share their best advice with those considering launching an initiative. Here’s what they said:

1. **BE SPECIFIC**
   
   Winning referendums have defined and successfully communicated a specific purpose. You need to be able to answer: What is it? Why do we need it? What is the benefit to the community? How much will it cost? If it feels too broad or people do not understand it, your initiative is unlikely to rally the support needed for success.

2. **USE DATA AND STORIES TO BUILD A CASE**
   
   Using data is key to making a credible and urgent case for your proposal - then back it up with examples and stories to show the reality of the situation. Use thematic stories that focus on the context and the environment.

3. **ESTABLISH A SUNSET DATE**
   
   A sunset date means the policy ceases to have effect or exist after a specific date, unless further action is taken to extend it. A sunset date provides an opportunity to review performance and outcomes and gives voters an opportunity to recommit to the initiative. Voters may be uncomfortable with the idea of approving funding in perpetuity. The Children’s Movement of Florida successfully employed this approach in Miami-Dade, as did First Things First in Arizona.

4. **CONSIDER OPTIONS WHERE EVERYONE PAYS**
   
   Financing methods where everyone pays (property or sales tax) are more successful than those that are product based (hotel accommodation or sin tax). Modest property tax increases were approved in Miami-Dade and Seattle as were modest city sales tax increases in Aspen, Denver and San Antonio. Prior to the property tax initiative in Seattle in 2014, a 10-cent tax on all espresso products failed 2-1 in 2003.

5. **KNOW YOUR RESOURCES**
   
   Consider what it will take to succeed, then determine available resources. Consider forming a coalition to plan and execute the campaign. Many successful initiatives required campaigns to educate, engage and persuade elected officials and voters to support the effort. In other words, it takes money, so plan ahead for how you will fund your effort.
CREATE A BROAD-BASED COALITION

Successful initiatives are community-based. Look for partners outside of the early childhood community to be a leading voice: business leaders, clergy, law enforcement and health care providers. The First 2,000 Days initiative, a campaign to recruit nontraditional early childhood supporters, provides tools to engage your community at www.first2000days.org.

GAIN SUPPORT FROM LOCAL ELECTED OFFICIALS

Successful initiatives have the support of local elected officials. In San Antonio, Mayor Julian Castro was a champion for the Pre-K 4 SA initiative. Gaining support from elected officials requires understanding what they care about, whom they listen to and the current challenges they face in addressing the needs of the community. The tools provided in Section 5.2 can help you think through these issues and plan how to reach local leaders.

ENGAGE THE MEDIA—TRADITIONAL AND SOCIAL

An initiative needs to be visible to win. For voters to show up to vote, they have to understand what is at stake, the benefit and what’s in it for them. Use your nontraditional champions as spokespeople.

KNOW YOUR COMMUNITY

When you know your community, the initiative can be tailored and framed for your audience. In 1988, leaders in Miami-Dade Florida attempted to pass a referendum to fund services for low-income children. It failed. In 2002, the same referendum passed. The difference—services would assist all children.

LEARN FROM FAILURE

There is always something to learn from failing. In Denver, referendums were tried in 2000 and 2001 to increase the sales tax by .2 percent to benefit children’s services and failed by 56 percent of the vote and 62 percent of the vote respectively. However, in 2006, the city approved an increase of .12 percent for prekindergarten. Even in failing, you begin to build support for future efforts. In 2003, Seattle tried to raise funds for early learning by increasing taxes for espresso products by 10 cents. That initiative lost 2-1. However, in 2014, Seattle approved a modest increase in the property tax, and in September 2015 the city launched its inaugural preschool class.
SECTION 5.2

IS OUR COMMUNITY READY?

These Readiness Worksheets provide a list of questions to consider before launching an initiative and identifies areas that may need to be developed. Complete the worksheet with a small group of diverse stakeholders who are committed, prepared to ask hard questions and willing to work. Answering the questions will help focus your efforts, ensure important stakeholders are included and prepare you for a successful launch of your initiative.

TOP 5 FUNDAMENTALS TO READINESS

1 ▶ There is a community need
2 ▶ We can make the case for the solution
3 ▶ The math works
4 ▶ Our elected officials are interested or supportive
5 ▶ We have strong champions and community support
COMMUNITY READINESS WORKSHEETS

1 ▶ WHAT IS THE NEED?

What challenge are you seeking to address?

How does the challenge impact the community?

How many children and families are impacted?

See NCECF’s Finding Data to Drive Conversations and Goals to start finding the data you need.

2 ▶ WHAT IS THE SOLUTION?

What is the solution you are proposing to address the challenge?
How will it improve services and outcomes for children?

How will it benefit the community if enacted?

What will it cost?

3 ▶ CAN YOU MAKE THE CASE?

Is it an evidence-based or evidence-informed model where you can point to successes?

How many children would benefit?

Is there a successful similar initiative that could be a model for your idea? See case studies.

How would your proposal build on current local or state efforts?
4  DOES THE MATH WORK?

What is the funding mechanism that will best support your solution?

Who has jurisdiction over that funding mechanism?

Will you need to fund a new initiative, expand a current initiative, re-allocate existing resources or could your proposal be funded from existing resources? If so, how?

Is it a one-time cost, is it needed in perpetuity or can it sunset after a certain number of years?

Which corporations would donate or provide matching funds?
5 ▶ WHAT’S THE POLITICAL LANDSCAPE?

Is there a state or local law that might be a barrier?

What’s the electoral mood of your community (e.g., demographics, state of the economy, priorities of local elected bodies, outcomes of recent financing initiatives)?

Who might be allies? Who might be opponents? What might they say?

Who would be helpful in potentially neutralizing or bringing those individuals or groups on board?

What research do you need to determine community knowledge and level of support for the idea?
Would city or county officials support it (both elected such as council members and appointed such as the county manager)? Use this table to gauge potential level of support from city or county officials.

<table>
<thead>
<tr>
<th>NAME OF OFFICIAL</th>
<th>TITLE</th>
<th>EVIDENCE OF SUPPORT</th>
<th>POTENTIAL FOR SUPPORT: HIGH/MEDIUM/LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maria Perez</td>
<td>Mayor of My Town</td>
<td>Voted for 2014 budget earmarked to subsidize child care costs for town employees</td>
<td>High</td>
</tr>
</tbody>
</table>
6 ▶ WHO ARE POTENTIAL PARTNERS?

Who within the early childhood community are potential partners?

Who outside the early childhood community (e.g., business leaders, faith leaders, military families, law enforcement, etc.) are potential partners?

Could any of them be engaged as leaders and/or spokespeople?

What diverse group could be put together as a potential steering committee? Who do you need to recruit?
Are there private funders such as a community foundation that would be interested in supporting a planning process?

7 ▶ HOW DO YOU COMMUNICATE WITH YOUR COMMUNITY?

What are your current messages about early learning?

Do the messages articulate results for children? Do they articulate benefits to the community? See www.first2000days.org
What types of contacts do you have with the press? (e.g., paper, online and social media) Use this table to assess your media relationships.

<table>
<thead>
<tr>
<th>PRESS CONTACT</th>
<th>OUTLET</th>
<th>HOW WE COMMUNICATE: ACTIVE (CALL, MEETING) OR PASSIVE (PRESS RELEASE, SOCIAL MEDIA)</th>
<th>FREQUENCY OF CONTACT: DAILY, MONTHLY, RARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>James Eller</td>
<td>WBIZ</td>
<td>Active—phone call</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

Use this table to assess your social media outlets.

<table>
<thead>
<tr>
<th>SOCIAL MEDIA OUTLET</th>
<th>ACCOUNT</th>
<th>FREQUENCY OF POSTING—DAILY, WEEKLY, MONTHLY, OCCASIONALLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twitter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facebook</td>
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</tbody>
</table>
**READINESS ANALYSIS**

Once you answer the questions, review and analyze the results with your stakeholders. Determine your community’s level of readiness. Are you ready to create a campaign plan or do you have more work to do to prepare? If you need to do more work, what is the plan and how long will it take?

If you are ready to create a campaign plan, start with some tools from the Neimand Collaborative (*neimandcollaborative.com*) to identify targets to reach your goal as well as those that can influence the targets.

**THE ADVOCACY BOX**

The Advocacy Box uses a wide variety of strategies to create a box around those who you need to target to reach your goal. The box includes constituents at the grasstops, grassroots and the political right and left. The goal is for all of these constituents to advocate for early childhood investments so that the target cannot ignore them. Examples of each category are listed on the outside of each side of the box.  

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*Adapted from the Advocacy Box, Neimand Collaborative*
**TWO STEPS TO CREATING AN ADVOCACY BOX**

**Step One**  ▶ Identify the targets that are most likely to be instrumental in achieving your goal and have the power to do so.

**CREATE YOUR TARGET LIST**

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE/ROLE</th>
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</tbody>
</table>
Step Two - Identify individuals and organizations who can influence your targets. Use the Neimand Collaborative's Targeting and Asset Mapping worksheet. For each target named in Step One, fill out a separate worksheet.

**TARGETING AND ASSET MAPPING** *(one target per sheet)*

<table>
<thead>
<tr>
<th>WHO DO YOU NEED TO INFLUENCE?</th>
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<table>
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<tr>
<th>WHAT DO THEY CARE ABOUT?</th>
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<table>
<thead>
<tr>
<th>WHAT MESSAGE WILL PERSUADE THEM?</th>
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</tbody>
</table>

THE ADVOCACY BOX: Fill in the gray boxes with who influences them on the grasstops, grassroots, on the left and on the right? Be specific—name an individual or an organization.
SECTION 6

SOURCES

The Local Funding for Early Learning Community Toolkit is available in print and online at financingtools.buildthefoundation.org

SECTION 1


Table 1-1: What are the Functions of Cities and Counties in North Carolina?

Table 1-2: Municipal Government Forms, Responsibilities and Authority

Table 1-3: County Government Responsibility and Authority
Table 1-4: Organization of a North Carolina County

SECTION 2

7. Garvin, Khari M. "EHS/Head Start Enrollment for NC." E-mail interview. 13 Jan. 2016.


SECTION 3


"Communities are hungry for better ways to meet the needs of their children."

"There is a dearth of information on how to grow your resources locally. This toolkit provides such an excellent guide to those who care about North Carolina children. I wish every state had one! In the child and youth field we need to get better at understanding the flow of resources, the tax and budget process, and creative financing mechanisms in order to be more effective."

▶ Elizabeth Gaines, Senior Fellow—The Forum for Youth Investment

financingtools.buildthefoundation.org
What Does NC Pre-K Cost?

In 2016, the General Assembly passed legislation requiring the North Carolina Department of Health and Human Services, Division of Child Development and Early Education (DCDEE), in consultation with the Department of Public Instruction (DPI), to study the cost and effectiveness of NC Pre-K. It mandated that DCDEE submit a report on findings and recommendations by February 1, 2017.

The report is online at http://wp.me/a4fX8m-FB.

This Fact Sheet outlines the findings of the report submitted by DCDEE.

What is NC Pre-K?

Since 2001, North Carolina has provided full school day, target public pre-kindergarten, now known as NC Pre-K (formerly More at Four). NC Pre-K slots and classrooms are located in three types of sites: private and non-profit child care, public schools, and Head Start facilities. Classrooms maintain at least a 1 to 9 staff-to-child ratio, with a maximum of 18 children per class. Programs must provide breakfast or a morning snack along with a lunch that meets USDA requirements.

At the local level, NC Pre-K Advisory Committees oversee the program, including developing operational policies and procedures, providing programmatic and fiscal oversight, and ensuring collaboration and shared responsibility for developing and implementing plans to deliver services. The local committees are represented by a mix of local school boards and systems, local Smart Start partnerships, licensed child care providers, Head Start, local departments of social services, parents of preschool-age children, county cooperative extension agencies, and child care resource and referral agencies.

Does NC Pre-K work?

Yes. More than 14 years of research studies of NC Pre-K found that it has demonstrated positive outcomes for children in key domains of learning for later school success, including language development and communication; cognitive development; and social and emotional development. Classroom quality scores related to global quality, teacher-child instructional interactions, language and literacy environment, and teacher sensitivity range from medium to high in NC Pre-K classroom evaluations. Improvement efforts should focus on overall classroom quality and instruction for dual language learners. There have been substantial improvements in teacher qualifications, with 99 percent of lead teachers holding a BA or four-year degree.

In the latest evaluation of NC Pre-K, researchers found that children are progressing at an even greater rate during their participation in NC Pre-K than expected for normal developmental growth.1 NC Pre-K produces lasting benefits for children, including higher test scores, less grade retention and fewer special education placement through fifth grade.2

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Is the number of slots the same as the number of children served?
No. A slot represents the amount of funding for NC Pre-K services for a child per school year (10 months). More than one child can fill a slot: if one child leaves NC Pre-K and another child fills that slot during the same school year, then that slot is the equivalent of two children.

How Much Does NC Pre-K Cost?
State funding does not cover the full cost of NC Pre-K. This is intentional. NC Pre-K requires that programs demonstrate that they are using other funds to maximize resources (blended funding).

NC Pre-K contractors report using the following types of funds to cover the full cost of NC Pre-K:
- Smart Start
- Head Start
- Title I
- Preschool Early Childhood Funds
- Child and Adult Care Food Program
- Local Funds

State Funding:
State funding is provided through a maximum monthly reimbursement rate per slot. The three types of settings that host NC Pre-K slots – Head Start programs, public schools, and private and non-profit child care facilities – receive different reimbursement rates. The rationale for the different rates is outlined in the table below.

<table>
<thead>
<tr>
<th>Setting</th>
<th>Maximum Monthly Reimbursement Rate Per Slot</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Start</td>
<td>$400</td>
<td>Estimated based on additional costs needed to meet NC Pre-K requirements, including extending Head Start operating hours, increased teacher qualifications, and a decrease in the maximum number of children allowed per classroom.</td>
</tr>
<tr>
<td>Public School</td>
<td>$473</td>
<td>Estimated based on the average salary of a public school teacher with a Birth-through-Kindergarten license, the average salary of a public school teacher assistant, plus some classroom operating costs, recognizing that operating costs are shared across several programs.</td>
</tr>
<tr>
<td>Private Child Care</td>
<td>$650*</td>
<td>Estimated based on the average lead teacher with a Birth-through-Kindergarten license and teacher assistant salaries, program equipment, occupancy, and other administrative costs.</td>
</tr>
</tbody>
</table>

*This is the maximum rate if the lead teacher has a Birth-through-Kindergarten License or higher. If the lead teacher has a BA/BS degree or higher and is working toward the Birth-through-Kindergarten license, the maximum rate per slot is $600.
On average, the overall cost for an NC Pre-K slot is $9,126, with state funding covering 61 percent of that cost. Cost of the program varies slightly by setting.

### NC Pre-K Average Costs and Funding by Setting

<table>
<thead>
<tr>
<th></th>
<th>Head Start</th>
<th>Public School</th>
<th>Child Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Staffing Expenses per Slot*</td>
<td>$7,082</td>
<td>$6,379</td>
<td>$6,541</td>
</tr>
<tr>
<td>Average Operating Costs Per Slot*</td>
<td>$2,114</td>
<td>$2,752</td>
<td>$2,548</td>
</tr>
<tr>
<td><strong>Total Average Cost per Slot</strong></td>
<td><strong>$9,197</strong></td>
<td><strong>$9,131</strong></td>
<td><strong>$9,088</strong></td>
</tr>
<tr>
<td>Average Annual NC Pre-K Funding per Slot**</td>
<td>$3,964</td>
<td>$4,777</td>
<td>$6,257</td>
</tr>
</tbody>
</table>

Percent of Costs Covered by State NC Pre-K Funding

<table>
<thead>
<tr>
<th></th>
<th>NC Pre-K Administration Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Smart Start</td>
</tr>
<tr>
<td>Average Monthly NC Pre-K State Funding for Administration Per Slot</td>
<td>$212.40</td>
</tr>
<tr>
<td>Average Total Annual NC Pre-K State Funding for Administration</td>
<td>$79,031</td>
</tr>
<tr>
<td>Total average cost for all administrative categories (salaries, fringe, mandatory 4 benefits, office costs, agency costs, and costs drivers)</td>
<td>$148,625</td>
</tr>
<tr>
<td>Average Percentage of Administration Funded by the State</td>
<td>53%</td>
</tr>
</tbody>
</table>

*To determine the NC Pre-K cost per slot in all sites, the analysis took into account the costs associated with providing education to all pre-kindergarteners at the site and not just those enrolled in the NC Pre-K program.*

**The reimbursement rate structure outlined was implemented by DCDEE in Fiscal Year 2012-13.**

### How much does it cost to administer NC Pre-K?

NC Pre-K is administered locally by Smart Start Local Partnerships, Local Education Agencies (LEAs), or, in a few instances, nonprofit organizations. Funding for NC Pre-K administration is capped at 4 percent of the total contract or $20,000, whichever is greater. The actual cost to administer NC Pre-K is higher, so administrators must use other funds to oversee the program. The report notes that even the estimated cost of administering NC Pre-K is underreported because:

- Onsite staff time to ensure compliance with NC Pre-K standards is not reimbursed.
- Existing positions, which are not reimbursed, often incorporate NC Pre-K responsibilities.
- Some administrative NC Pre-K costs, such as accounting, property insurance and facility costs, are paid for through supplemental (non-NC Pre-K) funding.
- Costs incurred during screening, determining child eligibility and consulting with families are often not captured in dollars and not reimbursed.
- Schools do not typically allocate to individual programs indirect staff costs, such as IT/computer support, payroll support, accounts payable support, human resources and finance/contracting/monitoring support, so those costs are not represented in the overall NC Pre-K administrative costs. Those costs are included in Smart Start administrative costs.

In addition, the report notes that although NC Pre-K is a 10-month program, it requires year-round administration.

### NC Pre-K Administration Costs

3 Researchers surveyed NC Pre-K administrators to determine which administrative services are supported with supplemental (non-NC Pre-K) dollars.
What Costs are Associated with Personnel?
Approximately 70 percent of the cost of NC Pre-K is personnel. Teachers in child care settings earn substantially less than their peers in Head Start and public school settings.

<table>
<thead>
<tr>
<th></th>
<th>Head Start</th>
<th>Public School</th>
<th>Child Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Costs that are Personnel</td>
<td>77%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>Average Lead Teacher Salary*</td>
<td>$32,986</td>
<td>$43,565</td>
<td>$25,372</td>
</tr>
<tr>
<td>Average Assistant Teacher Salary</td>
<td>$20,585</td>
<td>$21,526</td>
<td>$20,269</td>
</tr>
</tbody>
</table>

*The cost analysis model used did not isolate individual classroom costs. Therefore, all lead teacher costs were included in the analysis, not only NC Pre-K teachers.

What are the additional operating costs?
In addition to personnel, NC Pre-K costs include food, food preparation and facility costs. These costs account for about 30 percent of the total cost per slot.

<table>
<thead>
<tr>
<th></th>
<th>Head Start</th>
<th>Public School</th>
<th>Child Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual Cost of Food and Preparation Per Slot</td>
<td>$829</td>
<td>$1,017</td>
<td>$913</td>
</tr>
<tr>
<td>Average Cost per Square Foot for Facility (Rent/Lease/Mortgage)</td>
<td>$4.10*</td>
<td>$0.16*</td>
<td>$13.61</td>
</tr>
</tbody>
</table>

*This figure does not include in-kind school contributions.

What does the report recommend?
- Conduct a follow-up study to analyze revenue available by type of setting (Head Start, public school, or child care) to more accurately set reimbursement rates.
- Consider increasing the cap for administration. NC Pre-K funding covers approximately half of the actual costs of administrating the program at an average monthly cost of $212.40 per slot. The report examines increasing the administrative funding allowable with NC Pre-K dollars from 4 percent to 8 percent ($425 per slot). The table below shows the estimated increase in average per slot costs.

<table>
<thead>
<tr>
<th></th>
<th>Head Start</th>
<th>Public School</th>
<th>Child Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Total Average Cost per Slot</td>
<td>$9,197</td>
<td>$9,131</td>
<td>$9,088</td>
</tr>
<tr>
<td>Total Average Cost per Slot with Increased Administrative Funding</td>
<td>$9,622</td>
<td>$9,556</td>
<td>$9,513</td>
</tr>
</tbody>
</table>

If the State were to fund 100 percent of the remaining costs for NC Pre-K – increasing the cap for administration to eight percent – and maintain the existing 27,019 slots, it would require an additional $47.2 to $50.2 million in state funds.

- Consider better defining how administrative funds may be used to support local needs.
- Consider other State resources that may be used to offset local costs to administer the program (e.g., Birth-through-Kindergarten licensure, teacher compensation, and professional development activities).
- Because NC Pre-K supplements state funds with other resources, administrators emphasized that the program’s viability is linked to the availability of those funds.
Data Limitation
Many sites did not have all of the requested data readily available. This type of data collection is an intensive process. DCDEE also notes that the state was hit by two natural disasters during the data collection. As a result, many survey respondents replied with default values to use as their estimates of cost. The default values were based on previous research of costs in child care settings.

Special thanks to the NC Division of Child Development and Early Education and NCSU Center for Urban Affairs and Community Services for fact-checking this document.

About Us
This report was prepared by the North Carolina Early Childhood Foundation.

North Carolina Early Childhood Foundation is driven by a bold vision: Each North Carolina child has a strong foundation for lifelong health, education and well-being supported a premiere birth-to-eight system. We promote understanding, spearhead collaboration, and advance policies to ensure each North Carolina child is on track for lifelong success by the end of third grade. Learn more at www.buildthefoundation.org.
Investing in Early Learning: Bright Spots in North Carolina

NC Polling 2014 and 2016
Since 2014, support for early education has continued to rise among North Carolina voters across the political spectrum, according to a bipartisan poll released in 2016 by the North Carolina Early Childhood Foundation (NCECF) and the First Five Years Fund (FFYF). A strong majority of Republicans, Independents and Democrats want more investments in early learning—including providing greater access to affordable child care, Smart Start, NC Pre-K and programs that build parenting skills. More information about the 2016 poll is available at: http://buildthefoundation.org/2016/09/support-for-investing-in-early-education-rises-in-north-carolina/

Asheville Buncombe Preschool Planning Collaborative
A planning team of 25 community members convened in 2015 and is now managed by the Buncombe Partnership for Children and Children First/Communities in Schools. The collaborative is creating a collective plan to ensure that every 3- and 4-year old in Buncombe County has access to affordable, high-quality preschool. The Collaborative is currently investigating model design, workforce and financing options to draft a plan for expanding quality preschool, due to be released in September 2017. More information is available at: https://www.abppc.org/

Bertie County
Since 2015 the Bertie County Commissioners have provided more than $100,000 per year from the county budget to fund programs for children and families such as Better Beginnings for Bertie Children.

Dare County
Since 2004, Dare County has provided more than $2.4 million to Children & Youth Partnership for Dare County, Inc. for Smart Start services for health, early literacy, family support and child care resource and referral. The funds are provided from local property tax revenue and are included in the local budget for the county’s Department of Health and Human Services.

Durham’s Community Early Education/Preschool Task Force
In 2015, Durham’s School Board, County Commissioners and City Council passed resolutions in support of universal, high-quality preschool for Durham’s children. The Durham’s Community Early Education/Preschool Task Force was convened in 2016 to develop a plan to serve all 3- and 4-year-olds in Durham County in high-quality preschool by 2023. The plan aims to first serve 4-year-olds, prioritizing children in low-income families, by August 2019. More information is available at: http://www.dconc.gov/government/departments-a-e/board-of-commissioners/state-of-durham-county-s-young-children
Forsyth County Universal Pre-K Steering Committee
In June 2014 a group of community leaders formed the Forsyth County Universal Pre-K Steering Committee to explore how to improve the quality and expand the capacity of center-based, early childhood settings for four-year-olds as well as discuss factors to be considered in creating a quality universal Pre-K system. Work groups target three critical areas: quality, funding and advocacy. In 2015 and 2016, the Steering Committee established standards for a high-quality system, studied the options for local funding of the system, and published a position paper. Work groups will create a final plan by the end of 2017, to be followed by a campaign to secure local funding by November 2018 for a major expansion of Pre-K. More information is available at: http://imprintscares.org/wp-content/uploads/2015/09/Universal-PreK-for-Forsyth-County-Position-Paper.pdf

Mecklenburg County Early Education Initiatives
Since 1996, Mecklenburg County has invested in Bright Beginnings, a pre-kindergarten program for four-year-olds administered through the Charlotte-Mecklenburg Schools at elementary schools across the county. The program currently serves 3,100 students in 236 classrooms in 52 elementary schools. NC Pre-K also operates in the county with 56 classrooms located in 23 community-based high quality child care centers.

In 2016, the County announced a study to develop a process to expand access to early childhood education to significantly more children. The initiative, kicked off in December 2016 through a $500,000 grant from the Charlotte Executive Leadership Council, includes an initial feasibility study that will be followed by an implementation design study. More information is available at: http://www.cms.k12.nc.us/cmsdepartments/ci/pre-kservices/Pages/default.aspx and https://www.mecknc.gov/news/Pages/Mecklenburg-County-Launches-Study-to-Expand-.aspx

In addition to the two-part study, the County received a federal Department of Education grant in December 2016 to look at Pay for Success as a funding mechanism. The $335,667 grant for the feasibility study is for two-years.

Transylvania County Early Childhood Initiative
In 2015, Transylvania County government formed an Early Childhood Initiative to focus attention on early childhood development and school preparedness. The Initiative then published a “State of the Young Child” report based on seven months of research. The report showed that 77 percent of Transylvania County children performed below kindergarten readiness standards. That report spurred action by the county and multiple social service providers and organizations, yielding a 12 percent improvement in kindergarten readiness.

In 2017, the Community Foundation of Western North Carolina awarded the Smartly United Early Childhood Collective (Smart Start and United Way of Transylvania County) a $100,000 grant over two years to begin to implement its plan to provide greater accessibility, quality and affordability of early education to improve preschool readiness. More information is available at: http://www.unitedwaytransylvania.org/state-young-child-transylvania-county-report-released-12142015
**Wake County**

In 2015, the Wake County Commissioners voted to invest in expanding NC Pre-K in their county. The 2015 county budget provided $325,728 to serve an additional 144 young children. By 2017, the county budget for NC Pre-K increased to $488,600, now serving a total of 359 additional children. The 2017 budget provides an additional $100,000 dollar-to-dollar match to encourage community investment. More information is available at: [http://financingtools.buildthefoundation.org/project/wakecounty/](http://financingtools.buildthefoundation.org/project/wakecounty/)

**Resources**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Local Funding for Early Learning: A Community Toolkit</td>
<td><a href="https://drive.google.com/file/d/0B1NAbOK_eLwHNm51ZENhWl93SWM/view?usp=sharing">https://drive.google.com/file/d/0B1NAbOK_eLwHNm51ZENhWl93SWM/view?usp=sharing</a></td>
</tr>
<tr>
<td>NC Budget and Tax Center Results of 2016 Ballot Initiatives in North Carolina</td>
<td><a href="https://drive.google.com/file/d/0B1NAbOK_eLwHX0FHMFN6dOhqTG8/view">https://drive.google.com/file/d/0B1NAbOK_eLwHX0FHMFN6dOhqTG8/view</a></td>
</tr>
<tr>
<td>North Carolina Early Childhood Foundation Investing Today in North Carolina’s Workforce of Tomorrow, 2017</td>
<td><a href="https://drive.google.com/file/d/0B1NAbOK_eLwHX0FHMFN6dOhqTG8/view">https://drive.google.com/file/d/0B1NAbOK_eLwHX0FHMFN6dOhqTG8/view</a></td>
</tr>
<tr>
<td>Forum for Youth Investment</td>
<td><a href="http://forumfyi.org/childrens-funding-project">http://forumfyi.org/childrens-funding-project</a></td>
</tr>
<tr>
<td>Funding the Next Generation</td>
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</tbody>
</table>
Thinking Big for Small People Post-Meeting Action Steps

Learn about the opportunities and challenges in providing prekindergarten in your community.
✓ Tour a NC Pre-K classroom. Be sure to go to one in a private child care setting and one in a public school.
✓ Meet with your local NC Pre-K Advisory Committee. Every community has a committee charged with overseeing the program.
✓ Meet with your local NC Pre-K administrator. NC Pre-K is administered locally by Smart Start Local Partnerships, Local Education Agencies (LEAs), or, in a few instances, nonprofit organizations.

Leverage existing opportunities.
✓ Talk to your Local Education Agency about their district plan for the Every Student Succeeds Act (ESSA). ESSA expands opportunities to strengthen birth-through-third-grade alignment, including allowing funding for prekindergarten.

Engage parent constituents.
✓ Host neighborhood meetings to understand the needs of children and families.
✓ Survey parents to learn about demand for prekindergarten and in which communities there is the greatest need.

Engage your business community.
✓ Host a breakfast for business leaders to discuss early learning as a workforce and economic development issue. NCECF offers data and tools on this issue.
✓ Begin to identify champions for early learning.

Affirm public support in your community.
✓ Develop and pass a resolution supporting the importance of early learning as the foundation for academic and life success.
✓ Launch a First 2000 Days campaign to educate and engage community leaders about why early matters to each of them. http://www.first2000days.org/

Build a coalition of like-minded elected leaders.
✓ Connect with others across your region to explore economies of scale, more holistic approaches, or coordinating efforts in some way.
✓ Explore how leaders in other counties or in statewide groups view this issue.

Convene a Task Force.
✓ Assemble a task force of community leaders, educators and parents to consider options to meet the demand for early learning services such as NC Pre-K in your community.
✓ Begin by collecting data to conduct a scan to understand your community’s capacity to serve four year olds. Answer questions such as how many four year olds in your county? What’s the current classroom capacity? How ready are our kindergarteners?
✓ Make recommendations for what your county can do.
✓ Solicit input from constituents.
✓ Develop a plan.
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Putting It Together: Pre-K Expansion in Your Community
(1:45 – 2:15)
### Thinking Big for Small People

<table>
<thead>
<tr>
<th>Political Will</th>
<th>Partnership Capacity</th>
<th>Skilled Teachers</th>
<th>Transportation</th>
<th>Other Resources</th>
<th>Outcome Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Champion in place, engaged stakeholders, and collective commitment of time, energy, funds, and public opinion needed to achieve change</td>
<td>Networks that include the right players, are effective, and remain open to new members</td>
<td>Sufficient number of licensed teachers and an adequate pipeline of teachers</td>
<td>Ability to get children to and from classroom</td>
<td>Suitable physical spaces, ability to generate or access funds supplemental to the state's, and accurate data about demand for services</td>
<td>Program and community measures you expect to improve</td>
</tr>
</tbody>
</table>

#### What does success look like in your community?

#### What are your community's strongest assets in this category?

#### What needs strengthening or support in your community?

#### At the end of the day, ask yourself: what are my next steps?