



Chatham Kids Matter

Fiscal Analysis

2024

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INTRODUCTION

Like many communities nationwide, Chatham County faces an early childhood education (ECE) and care crisis. Fewer college students choose careers in this field, staff vacancies and low-profit margins are forcing providers to close, and many families struggle to find affordable, quality ECE. Following a review of the Early Childhood Community Needs Assessment (ECCNA), the Early Childhood Action Plan (ECAP) Advisory Committee identified ten significant challenges facing families and providers in Chatham.

Five directly relate to the fiscal analysis, provide the foundation for preliminary research, and are explored in greater depth later in this document:



Families struggle to afford child care.



There is a child care availability crisis.



Providers are struggling financially.



The workforce pipeline is broken.



There are barriers to accessing NC Pre-K.



Five additional challenges, though not directly related to the fiscal analysis, provide critical context for the research and recommendations:



Access to health care is inequitable.

According to the ECCNA, “Fewer children ages birth to three received early intervention services in 2021 than any other time in the last 10 years.”

Health and wellness services, especially early intervention and mental health care, are limited and many families have difficulty accessing them. The distance to centralized care in regional metropolitan areas makes obtaining care more difficult for families in southern and western areas of Chatham.



Latinx and African American families are less well-served.

Early childcare access and outcomes are also inequitable. Latinx families face several barriers accessing care, and in the parent survey, expressed distrust in providers and a preference for informal systems, as well as a lower awareness of childcare resources.

41%

Only 41% of Latino children are enrolled in formal care 20+ hours a week.

5.33

Infant mortality rates are 5.33 times higher among African American families than white ones.



Economic growth and childcare shortage are on a collision course.

Without investments in Chatham's early childcare infrastructure, developments like Wolfspeed, VinFast, Fed Ex, Coca-Cola, and Chatham Park will exacerbate existing challenges. These projects are expected to create thousands of new jobs and bring rapid residential growth, causing demand for care to increase while providers struggle to recruit and retain qualified staff. Moncure is home to FedEx and VinFast, but currently has no licensed childcare facilities.

10,000

Economic development projects are expected to create nearly 10,000 new jobs.



There are concerns about the quality of care.

“I prefer someone I know caring for my children” was the third highest reason for selecting informal care in the ECCNA parent survey.

According to Chatham County Schools (CCS), a growing number of parents and caretakers are moving their children from public schools to home, private, and charter schools.



Understandings of Kindergarten readiness vary.

Perspectives range on Kindergarten readiness standards, which often fail to consider how developmental milestones, including age, are individualized. Many families rely on a “hidden workforce” (informal care arrangements with family, friends, and neighbors) to make ends meet, also affecting school readiness.

48-59

Children entering pre-K range in age from 48 to 59 months.

In light of these challenges, ensuring that all children in Chatham County have access to high-quality, equitable early childhood care and education is critical for fostering economic development, improving community life, and creating an environment where children and families can thrive. Addressing these challenges requires sharing the importance of high-quality, equitable childcare in fostering thriving communities and making the case for public, private, and nonprofit investment to adequately fund Chatham’s Early Childhood Care System.

Chatham County Partnership for Children (CCPC) contracted Renee Paschal Consulting to conduct a fiscal analysis to help address these challenges. The study draws on early childhood programs across North Carolina and the United States. Much of the initial research in this document focused on in-state programs with similar funding mechanisms since revenue options in NC are limited. Recommendations from this analysis provide opportunities for strategic public and private partnerships while utilizing federal, state, and local funding streams to inform solutions proposed in the ECAP.



FUNDING STREAMS

Funding for early childhood initiatives includes a combination of federal, state, and local government resources, and private sector support in limited cases (Citation: **NC Early Childhood Financing Tools**).

FEDERAL FUNDING

Federal funding includes programs like TANF, Head Start, and Community Development Block Grant (CDBG) that flow either to a state agency that administers early childhood programs (e.g., childcare subsidies) or directly to a local service provider (e.g., Head Start). In most cases, funding for national programs cannot be replicated in NC, severely limiting revenue options available to NC local governments.

STATE FUNDING

State funding for early childhood education in North Carolina is comprised of four programs:

1

Development Day Center (DDC)

DDC funds support local education agencies in providing special education and related services to children with disabilities.

2

NC Pre-K

NC Pre-K provides funding to deliver a high-quality educational experience to eligible four-year olds. These funds are usually administered by the local Smart Start agency or by the local education agency.

3

Smart Start

Smart Start funds support Partnerships for Children in all counties.

4

NC Infant Toddler Program (ITP)

NC ITP supports families and children from birth to age three with special needs. Local Children's Development Services Agencies (there are 17 offices across the state) refer children for services.



MAXIMIZING FUNDING STREAMS

Funding streams can be combined to maximize available dollars and draw down additional matching funds. The program administrator is responsible for determining how to maximize funding, which requires considerable expertise and effort that needs to be accurately projected to ensure the cost is covered.

Generally, there are two main ways to combine funds:



Blending

Blending occurs 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, Smart Start funds can be blended with federal or private funds to support a program.



Braiding

Braiding occurs 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.”

(Citation: All funding discussion references [Maximizing Funding Streams | NC Early Childhood Financing Tools](#)).

NC LOCAL FUNDING OPTIONS

EXISTING MECHANISMS

Local government resources that could be used for programs in the near term; the county has the authority to increase several sources of revenue including local sales tax, property tax, and fees.

1

Debt for Child Care Infrastructure

Local governments can issue voter-and non voter-approved bonds for capital projects (they can also issue other debt for this purpose). Bonds are debt obligations and can be used only for physical infrastructure, not ongoing operational costs. Local governments cannot issue bonds for privately owned facilities. A bond proposal must be approved by the County Commissioners and may require voter approval.

2

Line Item in the Municipal or County Local Government Budget

Local governments budget funds to serve residents. Typically, an agency identifies the scope of funding needed according to the local government's budget process. The assumption is not that local jurisdictions will increase revenues for a new program, but that a portion of existing or increased funding is used for it.

3

Local Property Tax

NC local governments have the authority to raise taxes levied on real and personal property for specific purposes authorized by the NC General Assembly. The county commissioners or city council sets the rate. Purposes authorized by statute include community development projects and childcare and education are specifically included. However, it is unclear if a broad set of early childhood programs or initiatives would meet this authority.

The NC Early Childhood Foundation (foundation) suggests that a governing board adopt a resolution to pay for early childhood services through the property tax. Property tax is the largest revenue source for Chatham County, which levies a tax rate of \$0.685 per \$100 valuation. The county could either increase the rate to fund early childhood programs or earmark a portion of existing property tax revenues.

\$1.4 Million

One penny on the Chatham County tax rate generates approximately \$1.4 million.



4

Local Sales Tax

The local sales tax is set at the county level of at least 6.75% across the state, including the state sales tax rate of 4.75%. The NC General Assembly has authorized all counties to levy a local tax rate of at least 2%, and, with voter approval, up to 2.25%. A significant portion is designated for school capital. The second largest revenue source for Chatham County is sales tax. Chatham currently levies the maximum rate allowed. The county pledged the voter-approved Article 46 to education, parks, and agricultural preservation. It yields approximately \$3.4 million annually, with a windfall expected during the construction of WolfSpeed and VinFast. The county would need to redirect existing revenues to fund early childhood education since it has reached the maximum amount of sales tax allowable under law. Notably, Article 46 is already earmarked for education, so the county might be willing to consider earmarking a part of this source specifically for early childhood education.

\$3.4 Million

Voter-approved Article 46 yields roughly \$3.4 million annually for Chatham County.

5

Fees

Except for fees designated for specific purposes, revenue collected from existing fees are generally available for any purpose, including early childcare. Fees are a smaller source of revenue for Chatham.



POTENTIAL MECHANISMS

Mechanisms needing state action are funding sources not authorized for childcare in North Carolina and have far less likelihood of coming to fruition in the short term.

1

Occupancy Tax

In North Carolina, occupancy tax is paid by visitors and collected by lodging facilities such as hotels, motels, bed and breakfast inns, and other accommodations. The General Assembly must pass a law to allow a jurisdiction to set the tax at a certain rate, which then must be approved by the local governing board. In Chatham County, occupancy tax is 3%. Legally, revenue generated from occupancy tax must be used to promote travel and tourism, but the NC General Assembly could be asked to modify the spending guidelines to allow a portion of revenue to be put towards early childhood spending. However, this was attempted by Buncombe County and failed.

2

Special Tax Districts

Counties can establish special tax districts to fund projects in that area. Legislation was introduced in 2021, but has not yet passed, that would add early childhood education programs to the list of purposes for a special tax district.

3

Tax Credits

Tax credits reduce the amount of income tax paid by individuals or businesses. As of 2020, 18 states - not including North Carolina - issued tax credits to employers that invested in providing childcare for employees. NC local governments do not have the authority to levy income tax or issue tax credits.

4

Social Impact Bonds

Social Impact Bonds are public-private partnerships whereby a private funder pays for a program delivered by a provider, typically a governmental or nonprofit organization, with specific measurable outcomes in place. Issuance requires a feasibility study demonstrating that the program results in savings. When the program achieves these savings, the local government or nonprofit repays the private funder(s). Utilizing this kind of funding would require the State of North Carolina to pass legislation enabling local governments to issue these bonds.

CASE STUDIES

NC EARLY CHILDCARE AND PRE-K

A report by the Education Commission of the States indicates that funding mechanisms and implementation of pre-K programs vary widely across states. Education Week notes that there is also no uniformity in how people define universal pre-K. For some, it denotes a program open to all, with no limits on eligibility or income. Others define universal pre-K by enrollment targets or the percentage of eligible children enrolled. Some states provide truly universal pre-K, and a few more are considered universal based on eligibility requirements, though other barriers restrict access for qualified families. The majority of states, however, offer non-universal, state-funded pre-K. North Carolina, which provides NC Pre-K to income-eligible children (75% of state median income), falls in this group.

In addition to offering non-universal pre-K to income-eligible four-year-olds, NC also provides childcare subsidy payments for qualifying families. Eligibility is based on federal poverty guidelines, and payments cover children from birth through age 12. A parent fee of 10% of gross income is required for childcare. The parent fee is subtracted from the subsidy market rate, and the provider is paid the difference. The state determines how much subsidy funding each county receives, so some families may be eligible but are still placed on a waiting list because funding is not available in their county.

(Citation: **How States Fund Pre-K: A Primer for Policymakers Education Commission of the States February 2018**).

(Citation: **Response to Information Request Education Commission of the States April 2021**).

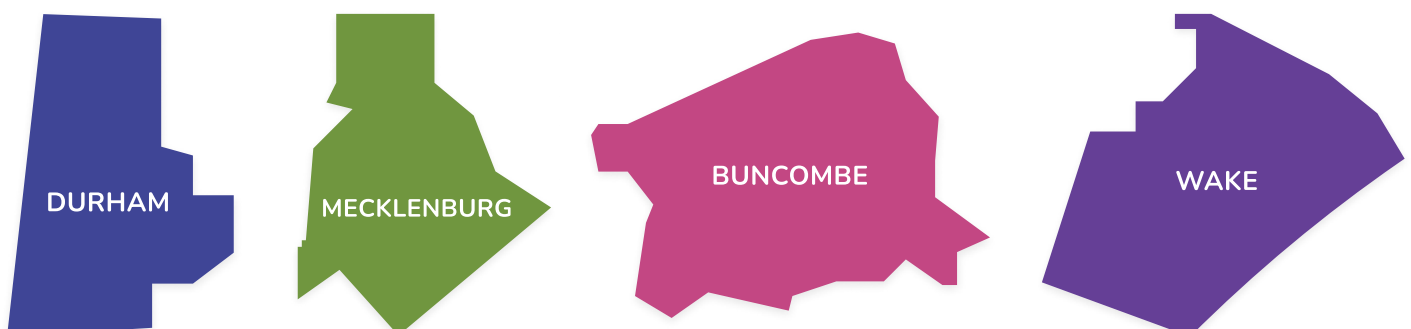
(Citation: **“Which states Offer Universal Pre-K? It’s more complicated than you might think” by Libby Stanford January 25 2023**).

(Citation: **“Support for Universal Pre-K grows as more states jump on board” by Libby Stanford Education Week January 17 2023**).

(Citation: Interview with Jennie Kristiansen, Chatham County DSS Director, September 26, 2023).

LOCAL NC PROGRAMS

Several NC counties are studying the early childhood landscape to expand support for care and pre-K education. Locally funded NC early childhood programs fall into two categories. Durham and Mecklenburg counties have used local funding to create programs that are intended to be universal. Mecklenburg also offers various other services for children from birth to age three. Buncombe and Wake counties have focused on serving low-income or otherwise disadvantaged children, such as those needing individual education plans. Buncombe also offers general childcare services, and Wake funds preschool for three-year-olds. Efforts in these counties have addressed some deficiencies in NC Pre-K.



CASE STUDY - DURHAM COUNTY

PROGRAM BACKGROUND

In 2017, the Durham Public School Board of Education, Durham County Commissioners, and Durham City Council appointed a task force to develop an ECAP to provide all three- and four-year-olds with high-quality preschool by 2023. The plan prioritized serving four-year-olds and children in low-income families by August 2019. Their recommendations resulted in the establishment of an expanded pre-K program.

306

306 licensed early care centers and family childcare homes.

At the time, Durham County had 176 early care and education centers and 130 family childcare homes. Pre-K programs included NC Pre-K, Head Start, and private programs. Funding was insufficient to serve all eligible children, and since NC does not cover the full cost of pre-K, providers were forced to find other revenue to cover the gap. Head-Start is a long-established program for three and four-year-olds, but the income cut-off is very low (100% FPL or below), so many families who need this program do not qualify.

KEY COMPONENTS



Wages

Increase pay for teachers and instructional assistants.



Professional Development

Offer more and higher quality professional development opportunities.



Technical Assistance

Provide intensive technical assistance that enhances early education outcomes.



Workforce Pipeline

Collaborate with local education institutions to increase the supply of high-caliber teachers.



FUNDING MECHANISMS

Durham PreK would not exist without substantial financing from its general fund. The FY 2024 budget included a 3-cent tax increase, which was not earmarked for pre-K. Durham PreK also has a sliding scale whereby families with incomes at or above 400% of the Federal Poverty Level (FPL) contribute 2% of income based on family size.

\$435 Million

Durham County's general fund was \$435 million in FY 2018.

\$1.5 Million

\$1.5 million of the FY 2018 general fund was allocated to pre-K expansion.

\$600 Million

Durham County's general fund was \$600 million in FY 2024.

\$7.92 Million

\$7.92 million of the FY 2024 general fund was directed to Durham PreK.

\$508,140

Another \$508,140 was allocated to Durham Schools for pre-K support.

As of FY 2024, B-K certified teachers are paid on the same scale as elementary school instructors, including the local salary supplement. Salaries ranged from \$37K to \$64K, with a median of \$45.6K and an average of \$48.7K. Instructional assistants are paid at least the Durham Living Wage Rate of \$17.45 per hour. Wages ranged from \$17.60 to \$23 an hour, with a median rate of \$18.36 and an average rate of \$18.98.

\$17.45

The living wage in Durham County is \$17.45 per hour.

\$45,605

\$45,605 is the median teacher salary.

\$18.36

\$18.36 is the median hourly rate for instructional assistants.

Durham County acknowledges that universal pre-K is not just a county or school system responsibility, but also a shared one benefiting the community. Leaders hoped private and philanthropic funding would help do the "heavy lifting, but while no additional funding of this type has been established, Child Care Services Association (manager of Durham PreK) solicited donations for a Child Care Scholarship Program. In addition to public funding from Durham County and the Towns of Chapel Hill and Carrboro, Durham PreK receives contributions from Durham Partnership for Children, United Way of the Greater Triangle, and the University of North Carolina at Chapel Hill (Citation: Interview with Child Care Services, Kristi Snuggs, President, and Linda Chappel, Vice President, 9/1/2023).



CONTINUING CHALLENGES

Due to COVID-related setbacks, the program has not yet met its goal of serving 75% of eligible children. The program does not serve 3-year olds, and does not provide transportation. Durham PreK is a 6.5-hour program and wrap care is not included. However, the most recent study, “Toward Equity in Durham PreK: Addressing the Accessibility of Wraparound Care as a Barrier to Universal PreK in Durham,” recommends expanding wrap-around care, stating, “The only way to make pre-k truly universal and accessible to all is to support not only the child, but the family, which means providing support for the ability of parents to work full-time,” (Citation: **“Toward Equity in Durham PreK: Addressing the Accessibility of Wraparound Care as a Barrier to Universal PreK in Durham”**).

39

39 lead teachers employed in the Durham PreK system during the 2022-2023 school year.

604

604 seats serving children in the Durham PreK system during the 2022-2023 school year.

183

183 children on the waiting list for Durham PreK during the 2022-2023 school year.

42

42 lead teachers employed in the Durham PreK system during the 2023-2024 school year.

653

653 seats serving children in the Durham PreK system during the 2023-2024 school year.




CASE STUDY - MECKLENBURG COUNTY

PROGRAM BACKGROUND

In 2014, a Harvard University/University of California Berkeley study ranked Charlotte 50th out of 50 major cities in economic mobility. The Charlotte-Mecklenburg Opportunity Task Force formed in 2015 to address findings from the study and in 2017 issued a report identifying access to early care and education as one of three key determinants influencing economic opportunity. The Mecklenburg Board of Commissioners passed a resolution supporting access to early childhood education for all children birth through age five.

KEY COMPONENTS

In response to this resolution, County Manager Dina Diorio formed an Early Childhood Education Executive Committee. The two primary goals were reducing the DSS childcare subsidy waiting list and expanding early education. The committee developed a five-point plan to address these goals:

-  **Childcare Subsidy**
Clear subsidy waiting list for children 0-5 and increase income level to 300% FPL.
-  **Universal Pre-K**
Invest in voluntary universal pre-K for 4-year olds and increase provider reimbursement rates..
-  **Workforce Pipeline**
Recruit and retain more quality teachers.
-  **Evaluation**
Develop a strong evaluation tool tied to these strategies.
-  **Funding**
Recommend a funding mechanism.





UNIVERSAL PRE-K

Despite low utilization rates, Mecklenburg's universal pre-K, or MECK Pre-K, has been successful (approximately 46% of four-year-olds are enrolled in a publicly funded program). Key components include the purchase of the Creative Curriculum, higher pay and improved benefits for teachers and instructional assistants, professional development opportunities (including the Classroom Assessment Scoring System or CLASS), and higher reimbursement rates for providers. Mecklenburg County Smart Start is the program administrator. Private centers offer MECK Pre-K and the county supplements funding for NC Pre-K students and other publicly funded programs. There are no income requirements, and there are no waiting lists.

MECK Pre-K is a 6.5-hour program. The program prioritizes private centers located near lower-performing elementary schools, areas underserved by NC Pre-K, and impoverished zip codes. It does not include wrap-around care; however, some facilities of their own choosing do offer after-school care. County funds reimburse these services. The county does offer funding for transportation to early childcare centers, but utilization is only 6%. The low utilization rate may demonstrate that wrap-around care is more crucial than transportation to most families, a belief echoed by Tim Gibbons, Program Director, Early Childhood Initiatives, Mecklenburg County Department of Social Services.

33

MECK Pre-K opened 33 classrooms in the fall of 2018, serving 600 four-year-olds.

106

MECK Pre-K has 106 classrooms in the current school year, 2023-2024.

6%

In FY 2024, the utilization rate for transportation to early childcare centers was 6%.

BIRTH TO 47 MONTHS INITIATIVES

Efforts to clear the subsidy waiting list have been successful, albeit in some part due to reduced subsidy utilization following the pandemic. Mecklenburg provided local funding to increase the income threshold for childcare subsidies from 200% to 300% of the FPL to serve families that cannot afford care but make too much to qualify for subsidy.

The county partnered with Central Piedmont Community College and UNC-Charlotte to provide work pathways for teachers pursuing AA/AAS and BA degrees in early childhood or working towards a B-K license. Through the Cato College of Education, UNC-Charlotte made accessing its classes easier by redesigning its B-K license attainment and offering evening classes and ECE online courses through the community college. UNC-Charlotte also applied for external funding to provide tuition assistance for MECK Pre-K teachers pursuing a BA in early childhood care. The specific program is beyond the scope of the Fiscal Analysis. However, we recommend contacting UNC-Charlotte to see if this program is open to Chatham ECE employees. Central Piedmont Community College is working on an articulation agreement that would make it easier to transfer from community college to a four-year school.



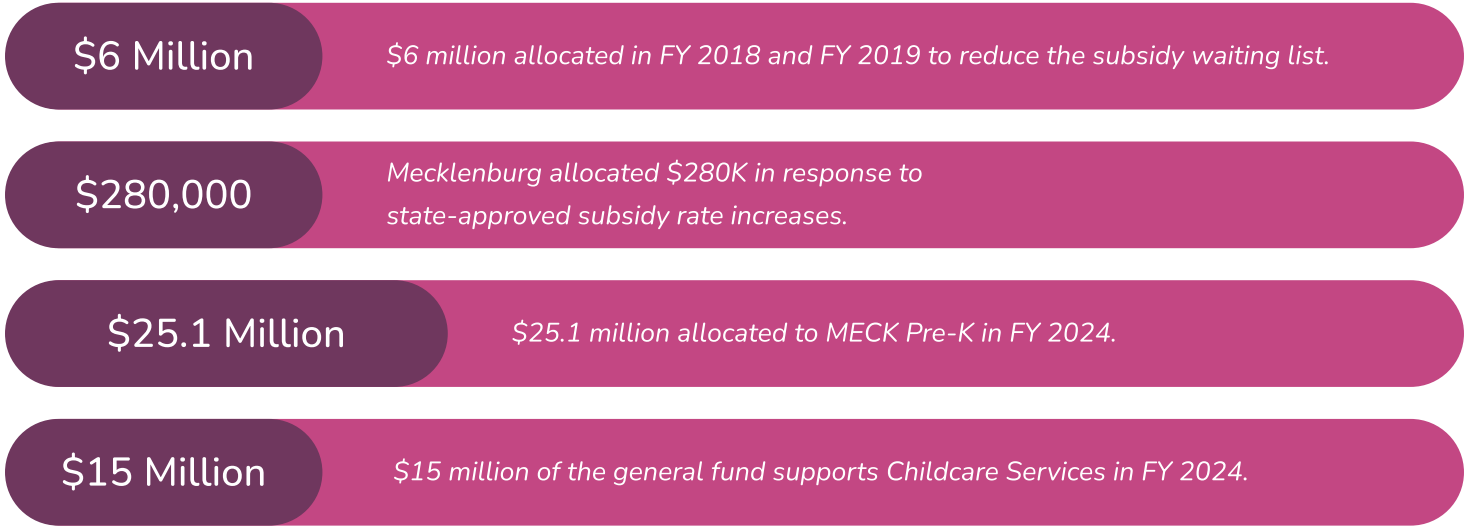
Chatham County Connection

The Early Childhood Action Plan included a recommendation to fund a pilot program designed to pair participation in CLASS professional development and assessment with significant pay increases for childcare workers. Unfortunately, likely due to COVID, the pilot was never carried out. However, it included components that may be of interest in Chatham County. The pilot was to fund 10 classrooms initially, expanding to 30 classrooms in Year 5. The plan recognized that staff working in early childhood education are paid less than those working in pre-school and are paid substantially below the median income for Mecklenburg County residents with associate degrees. The pilot was geared towards educators of children aged 0 to 47 months, with priority to be given to those working in infant and toddler classrooms. Program directors would have been required to apply on behalf of teachers with an AA/AAS degree. Centers would have been required to serve subsidy children to be eligible.

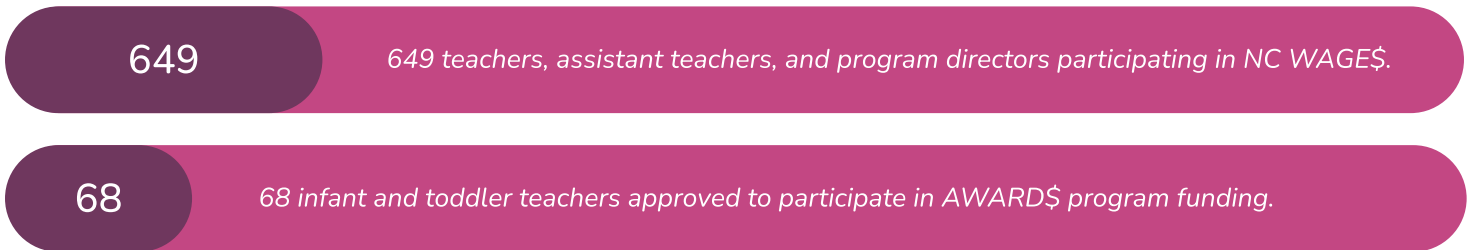


FUNDING MECHANISMS

The Mecklenburg County Action Plan for Early Childhood Education was implemented with substantial revenue from the county budget. The FY 2019 budget included a ¾-cent increase in the tax rate to support “Universal Pre-K.” The county allocated \$6M in 2018 to provide childcare subsidy for 340 children on the waiting list. For comparison, the county already supported 6,905 children ages birth to five through with subsidy.

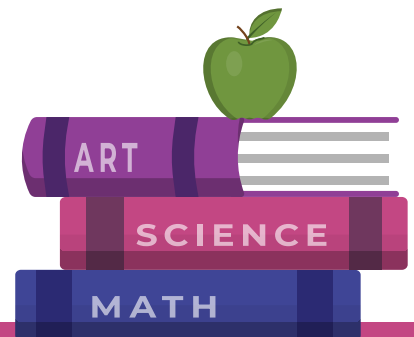


In 2019, Mecklenburg received a \$6.2 million grant from the Foundation for the Carolinas to provide pre-K teachers studying at local colleges and universities with scholarships and other support. The funding also supported continuing education opportunities for early childhood educators. The County received another \$1 million to fund early childhood programming from Bank of America and Duke Progress. Mecklenburg County Smart Start also allocated \$1 million from the NC WAGE\$ Program to low-wage ECE teachers, directors, and family childcare providers working in three-to-five-star programs serving children under five. In 2019, 13.5% of those employed in childcare in the county were participating in this program. In 2018, Mecklenburg County Smart Start administered AWARD\$ program funding specifically geared towards infant and toddler staff working in licensed childcare.



(Citation: Interview with Tim Gibbons, Program Director Early Childhood Initiatives, Department of Social Services, Mecklenburg County, 9/27/23).

(Citation: **Implementation Progress Report: Mecklenburg County Action Plan for Early Childhood Education, 2019 Update**).







CASE STUDY - BUNCOMBE COUNTY

PROGRAM BACKGROUND

Buncombe County pre-K and early childhood efforts have focused on “maximizing” NC Pre-K, as opposed to developing a local version of universal pre-K, and providing grants to daycare facilities and others to improve early childcare access.

KEY COMPONENTS

 Wages	Increase pay for teachers and instructional assistants.
 NC Pre-K	Maximize NC Pre-K and increase provider reimbursement rates..
 Wrap-Around Care	Provide family supports for transportation and fund after-school slots.
 Professional Development	Recruit and retain more quality ECE teachers.

EXPANDING NC PRE-K

In 2018, Buncombe County’s NC Pre-K utilization rate was below 100%. The county evaluated MECK Pre-K, and though they thought it was a great program, leaders decided that funding the existing NC Pre-K system, rather than creating a countywide program, would better serve the needs of their community. Private facilities had expressed difficulty affording expensive curricula and assignments required by NC Pre-K, as once a center is contracted to provide the program, they are immediately expected to meet all requirements. Directors cited this as a significant barrier to implementing the program. Responding to these concerns, the county provides funding to cover the gap between the state reimbursement rate and the true cost for each provider. The county also developed a single online preschool application for all publicly funded programs, including NC Pre-K in schools, private centers, and Head Start.

WRAP-AROUND CARE AND TRANSPORTATION

Lack of wrap-around care and transportation also creates barriers for accessing care. Prior to these efforts, only Asheville City Schools and Head Start offered transportation. The county worked with parents and local providers to identify ways to directly support families, including gas cards, bus passes, car seats, and funding for after-school slots when families need care but do not meet the requirements for subsidies.

PROFESSIONAL DEVELOPMENT

The county provided educational support to early childhood workers pursuing ECE certificates, associate and bachelor's degrees, and B-K licensure. Supports included offering access to higher education coaches, implementing a cohort model for increased social support, and increasing individual financial incentives, while reducing barriers. The county leveraged funding from local, state, and federal sources (TEACH, WAGE\$, Pell grants, etc.).

26

26 participants enrolled in early childhood education improvement opportunities.

54

54 workers have expressed interest in this program.

100%

100% of respondents said they would keep teaching because of these supports.

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT FUND

When the community and Buncombe County Commissioners identified access to early education as a priority, in 2018 the County established the Early Childhood Education & Development Fund (ECEDF) through an annual general fund appropriation. Grant funds can be used to hire early childhood staff, increase their pay and benefits, provide scholarships for children, and fund non-capital start-up costs. Buncombe County Partnership for Children (BCPC) serves as the program administrator for the ECEDF and provides grants to community organizations, including for-profit daycare centers (see Appendix 1 for a copy of the grant application and guidelines). BCPC issues an RFP annually and organizations apply and submit performance reports. The county attorney has stated that county funds can only be used for county facilities and schools, prohibiting the use of these funds for nonprofit and for-profit facilities.

FUNDING MECHANISMS

The establishment of the ECEDF earmarked one-cent on the property tax rate towards improving early childhood care outcomes by redirecting existing funds instead of increasing taxes. This funding includes bringing pre-K staff to the same pay level as is provided in the school system. The pilot also provides “gap” funding for providers. Head Start and YMCA have also agreed to partner on a summer care program for pre-K aged children. Additionally, four new private pre-K sites have applied and been approved and all NC Pre-K classrooms in private centers have stayed open.

\$3.6 Million

\$3.6 million generated for the ECEDF in FY 2023.

\$3.2 Million

\$3.2 million in American Relief Program (ARP) funds used to maximize NC Pre-K.



\$8,500

The average raise was \$8,500 per teacher.

90%

Raising wages resulted in the retention of 90% of lead teachers.

73%

73% reported the raise helped them continue pursuing early childhood education as a career.

478

478 children were served in the NC Pre-K program.

97%

The NC Pre-K program has an average enrollment rate of 97%.

638

638 applications submitted (680 was the pre-COVID high for applications submitted).

88%

88% of applicants were placed in their first choice facility.

CONTINUING CHALLENGES

While appropriations from the ECEDF have gone to many different organizations and programs that benefit the early childcare system, the Rachael Sawyer Nygaard, Strategic Partnerships Director for Buncombe County, expressed some concerns about the ability to measure cumulative outcomes. Attracting and retaining early childhood educators is a priority and the county seeks ways to better measure their progress. Rachel also noted that salary parity for NC Pre-K created unintentional problems in private centers, because pre-K staff are paid at a higher level. American Relief Program (ARP) funding ends June 30, 2024, which means the county will need to wrestle with how to continue its pre-K efforts. One option is to use approximately one-half of the ECEDF.

(Citation: **Building Capacity in Buncombe County to Expand NC Pre-K Availability & Access**).

(Citation: Interview with Rachael Sawyer Nygaard, Strategic Partnerships Director, Buncombe County Government, 10/9/2023).

CASE STUDY - WAKE COUNTY

PROGRAM BACKGROUND

Wake County's early childhood focus has been on children whose parents cannot afford childcare or preschool because they struggle to make ends meet.

KEY COMPONENTS

The county began their effort by expanding capacity for NC Pre-K. When the state assigned additional NC Pre-K slots to Wake, the county provided funding to Smart Start to help fund the additional slots. The goal was to serve 85% of eligible children. Once the goal was attained, Commissioners reached out to Smart Start to see if additional support could be provided for younger children.



NC Pre-K

Expand capacity for NC Pre-K.



Wake Three School

Utilize additional NC Pre-K slots for early child care through establishing Wake Three School.



WAKE THREE SCHOOL

Smart Start conducted a community needs assessment and spent a year planning the structure of the program, which was modeled on the NC Pre-K curriculum (i.e., the Creative Curriculum). The program is 6.5 hours each day and is offered at 15 private sites. Eleven of those sites offer wrap-around care, but wrap-around care is not provided by Three School. Two of the sites provide limited transportation. To address transportation concerns, Smart Start tries to place children within 10 miles of their home and also allows parents to indicate site preference.

Wake Three School began in 2023 with 100 slots and the program received 1,000 applications. There are an estimated 4,200 eligible three-year-olds in Wake County. The Creative Curriculum includes measures of social and academic skills. Last year, 70% of children met expectations in all areas, with approximately 20% exceeding expectations.

100

Wake Three School began in 2023 with 100 slots.

1,000

Wake Three School received 1,000 applications in its first year.

4,200

There are approximately 4,200 eligible three-year-olds in Wake.

70%

70% of children met expectations in all social and academic areas.

20%

About 20% of children exceeded expectations in social and academic areas.

FUNDING MECHANISMS

To support Wake Three School and NC Pre-K, the county allocated a total of \$5.6 million to Smart Start. Both programs include higher pay for teachers, based on the Wake County Public School System pay scale.

\$5.6 Million

Wake allocated \$5.6 million to Smart Start for Wake Three School and NC Pre-K.

(Citation: Interview with Wake County Smart Start 10/19/23).



CHATHAM COUNTY PRE-K

PROGRAM BACKGROUND

Historically, several organizations have provided NC Pre-K in Chatham County. Chatham County Schools (CCS) is by far the largest provider, followed by Head Start and several private providers. The ECCNA states, “For the 2022-2023 school year, there were 283 children in Chatham County who are eligible for NC Pre-K according to DCDEE and 281 available slots,”. NC Pre-K is free to families who make 75% or less of the state median income. According to the ECCNA data, it appears almost all children who qualify would receive a slot if it were available. However, funding may be available, but it does not mean sites that offer pre-K have capacity. According to Chatham County Partnership for Children (CCPC) Executive Director Genevieve Megginson, “There is a difference between the slots allocated to us and the capacity for slots in participating sites. Our annual allocation is for 283 slots; however, our current capacity is only 264 slots.”

Below is a summary of available slots and attendance for the 2019-2020 school year (prior to the pandemic) and the 2022-2023 school year:

		19-22		22-23	
		Slots	Enrollment	Slots	Enrollment
Chatham County Schools	Bennett	174	15	18	14
	Chatham Grove		9	18	7
	North Chatham		26	18	12
	Perry Harrison		21	18	15
	Pittsboro Elementary		32	36	29
	Siler City Elementary		34	36	34
	Virginia Cross Elementary		36	18	18
Total CCS	174	173	162	129	
Chatham County Development Center	18	18	Closed		
Head Start	52	52	54	48	
Children First Learning Center	17	15	18	15	
Robyn’s Nest	9	8	Closed		
Pasitos Felicias	8	2	Not Participating		
Totals	278	268	281	192	

Only one school, Chatham Grove, has a wait list post-COVID. Two private centers have closed, and another is no longer participating in the program. CCS has one vacant pre-K classroom at Perry Harrison Elementary. When Robyn's Nest closed in June 2023, the school system contacted parents in the Perry Harrison district about opening another three-year-old classroom, but there were not enough interested families for this effort to proceed. Sonflower Seeds opened its pre-K program this year with nine slots, room for four additional students, and hopes of expanding its pre-K classroom by an additional 18 slots. Sonflower Seeds applied for capital funding from the NC DHHS, but was denied funding, as is the case for another Chatham private center.

281

Chatham has 281 funded pre-K slots.

68%

Only 68% of funded pre-K slots were filled in 22-23, compared to 96% before the pandemic.

35

CCS has 35 private-pay children in its pre-K classrooms.

CCS has offered NC Pre-K since its inception. The program was created and is administered by a single position, which is filled by someone close to retirement. The workload to administer the program for seven schools consistently requires more than 40 hours per week. When CCS administrative personnel were interviewed, they indicated that the pre-K program could not expand without additional administrative spending. CCS has also indicated that they would prefer a pre-K expansion resulting from a partnership between the school system and private centers (Citation: Interview with Chatham County Schools, 9/14/2023, including Chris Blice, Tony Messer, Carol Little, and Cindy King).





BARRIERS TO EXPANDING PRE-K



Families struggle to afford child care.

According to the ECCNA parent survey, “The cost of care for children from birth through age five is the highest barrier to childcare.”

The cost of care for children from birth through age five is the highest barrier to childcare, as indicated by the parent survey. NC PreK is free only to families who earn 75% or less than the state median income. Other parents are charged \$750 per month by CCS. Subsidized child care assistance is available for families who earn 200% or less of FPL, depending on family size. These cutoffs are low and exclude many families who are working multiple jobs to make ends meet. These families make too much to qualify for the free programs, but not nearly enough to afford childcare.

\$750

CCS charges private-pay children \$750 per month.



There is a child care availability crisis.

In a recent interview, lack of space for pre-K expansion was one of the biggest concerns cited by the school system. CCS only has one vacant pre-K classroom, so to expand beyond this space, other school space would need to be converted. Some schools do not have the space to do this. Additionally, the school is required to have a dedicated pre-K playground that K-12 students could not use. Since the construction of Virginia Cross Elementary in 2005, the school system does include pre-K classrooms and plans to do this for future elementary schools. Head Start indicated that they are at capacity for NC Pre-K; however, the Program Development Coordinator, who serves a multi-county region, indicated the agency could apply for federal funding to pursue building expansion.



Providers are struggling financially.

REIMBURSEMENT RATES

Public schools and private facilities report spending more on NC Pre-K than they receive in reimbursements from the state. Only Head Start, which is supplemented by federal funding, said reimbursement rates are sufficient to cover costs. The ECCNA looked at a 2018 study conducted by the National Institute for Early Education Research (NIEER), which concluded:

“The overriding, fundamental barrier to expanding NC Pre-K is that revenues and other resources available to providers are too often inadequate to cover the cost of expansion,” (Citation: Barriers to Expansion of NC Pre-K: Problems and Potential Solutions, 2018).

The NIERR noted two exacerbating barriers:

1

Operating costs to recruit and retain qualified staff, expand facilities, and provide transportation.

2

Stagnant state reimbursement rates persisting since 2012 that fail to cover NC Pre-K costs.

In the 2023-2024 school year, NC Pre-K paid private centers a monthly rate of \$719 per child and public schools \$515. CCPC supplements these rates with SmartStart funds, which increases the public school rate to \$571.84 per student. Head Start receives only \$420 monthly, but is supplemented by federal funding.

\$571.84

The per child per month reimbursement rate for CCS is \$571.84.

\$719

NC Pre-K paid private care centers a \$719 per month per child.



The reimbursement rate for CCS has actually declined in recent years, and has definitely not kept pace with inflation. The ECCNA notes:

“Inadequate reimbursement to cover the expense of offering NC Pre-K was the primary reason that private providers discontinued offering NC Pre-K classrooms,” according to the focus group of providers who have closed these classes.

Comparing FY 2023 expenditures and revenues for CCS pre-K demonstrates the following:

- 1 Without at least \$280,000 in Title 1 Funds, the program does not pay for itself.
- 2 No administration or overhead is charged to pre-K.
- 3 Only 80% of the Pre-K Coordinator’s salary is charged to pre-K.
- 4 The pre-K budget doesn’t include space costs like maintenance, janitorial services, and utilities.
- 5 No capital costs, such as constructing a pre-K playground, are charged to pre-K.

Below is a summary of the deficit if Title 1 funds were used for other purposes and administrative overhead was charged to the program:

(\$131,141.79) *FY 2023 deficit.*

(\$1,016.60) *FY 2023 annual deficit per student.*

(\$101.66) *FY 2023 monthly deficit per student.*

Budgeting for the pre-K program is challenging for CCS. Several factors beyond the school system’s control can greatly impact program expenses. For example, if an experienced teacher, who is paid on the highest level of the salary scale, replaces a first-year teacher, the difference can be as much as \$35,000. Benefit costs, such as retirement, health insurance, Social Security/Medicare, and worker compensation, represent a significant portion of salary costs.



48%

Benefit costs represent 48% of salary costs.

3.9%

In FY 2023, the state increased the retirement percentage by 3.9% after CCS set its budget.

While the deficit for private pre-K programs has not yet been calculated, we know that other NC counties have found this rate is too low to pay the full cost of NC Pre-K. Mecklenburg and Buncombe counties pay all private and public providers an additional monthly amount. Mecklenburg pays a monthly rate of \$900 per child for MECK Pre-K and subsidizes other provider reimbursement rates to bring them to this level. Buncombe pays a monthly subsidy at a rate that depends on the provider type.

ONEROUS REQUIREMENTS

NC Pre-K requirements address all aspects of the program including the classroom, educational levels of staff, professional development, substitute staffing, monitoring, and evaluation. They can be difficult to meet, particularly for private facilities. Staff ratios require one teacher/teaching assistant for every nine students. The maximum class size is 18 and must be staffed with two positions. Centers must also have a four-or five-star ratings. From the ECCNA:

“Teachers are required to have a bachelor's degree and therefore higher salaries are needed to retain staff. Yet, this state rate is less than what most private childcare centers are able to charge.”

One childcare provider cited difficult requirements in their interview as a reason for no longer providing NC Pre-K. The owner of Sonflower Seeds voiced similar concerns. These issues, combined with low reimbursement rates, offer private facilities few incentives to provide NC Pre-K.



The workforce pipeline is broken.

Pay for pre-K workers is not comparable with the school system or the private sector. From the ECCNA:

NC Pre-K programs in Chatham County, through CCS, Head Start, and private providers, also reported "...experiencing the same staffing issues as other early childhood programs, combined with the additional educational requirements for teachers..."

CCS indicates that its pay for teachers is not sufficient, and that existing staff are aging out or leaving the field, with no replacements available. For the first time since pre-K began, CCS has 3 teacher vacancies. Private childcare teachers in Chatham are paid between \$12.94 and \$17.86 per hour, or an average annual salary of \$26,310. According to the Massachusetts Institute of Technology, the living wage for Chatham is \$18.40 per hour. Childcare workers mostly receive few benefits - only five providers reported being able to fully pay for health insurance benefits. From the ECCNA:

According to CCS staff interviews, "Teacher assistants are required to have 120 hours of professional development, however, the schools are unable to pay them more because of state mandated salary schedules."





There are barriers to accessing NC Pre-K.

SCHEDULE

NC Pre-K programs operate 6.5 hours per day, 10 months out of the year. This schedule does not match the needs of parents who work full time and access to wrap-around care is a key problem to address.

44%

Currently 44% of pre-K parents report that one or both parents are not working.

The schedule presents challenges for private providers as well. From the ECCNA:

Private providers who once offered NC Pre-K indicated that, "...the schedule also created difficulty for them in managing ratios and staffing...the NC Pre-K classroom(s) were difficult to incorporate into the flow of the organization and had to be managed separately."

WRAP-AROUND CARE

CCS partners with the YMCA to offer after-school care, but it is under-utilized. These programs may be open to pre-K children, depending on the number (pre-k children are not allowed to be combined with children in first grade or above). Since it is unlicensed, YMCA cannot accept childcare subsidy vouchers, but do have scholarships available for up to 80% of the cost. Enrollment is based on a first-come, first-serve basis, and returning students often receive a larger share of the slots. Pre-K students may not be notified of acceptance into pre-K in time to apply for a YMCA slot. According to the ECCNA survey:

These programs typically serve five pre-K students at each school, but according to YMCA staff, "...they could likely fill at least eight slots with pre-K students if they had the capacity."

Only five after-school care slots each were utilized at North Chatham, Perry Harrison, and Pittsboro elementary schools. No slots were utilized at Chatham Grove, and according to the YMCA website, no programs are offered at Bennett School, Virginia Cross Elementary, or Siler City Elementary. CCS used to provide after-school care directly, but numbers were too low to sustain staffing (a total of six children were enrolled at two sites and CCS had to pay overtime for teachers to staff it). Sonflower Seeds does offer after-school care for its pre-K program and accepts subsidies for children who qualify. Head Start does not offer wrap-around care.

15

As of 2023, only 15 after-school care slots were being utilized.

\$1,997

The cost for after-school care is \$1,997 per school year or \$200 per month.

The YMCA also offers a summer program for rising pre-K students, but charges a fee, has limited scholarships, and cannot accept subsidies.

TRANSPORTATION

NC Pre-K requirements make it difficult for CCS to offer transportation to students. Only one Chatham school, Bennett, offers transportation for pre-K students. Available bus space is also limited. Several schools run two to three bus routes to accommodate K-12 students, and there is no room for pre-K students, who must be separated and placed in reserve seating at the front of the bus. A parent must be waiting at the bus stop in order to drop off the pre-K student. If pre-K students waited for a second bus to run, they would have to be supervised during the wait time. Finally, if a bus has more than nine pre-K students, a monitor is required. Head Start provides limited transportation for pre-K students, but its capacity is limited to 20 because the center only has one functioning bus. As a result of these barriers, parents frequently choose to leave children with family members or in other private care.

CHATHAM COUNTY EARLY CHILD CARE

PROGRAM BACKGROUND

The **ECCNA** provides a comprehensive summary of Chatham County's early child care challenges. Because of this, the fiscal analysis primarily focused on issues facing pre-K providers and families that need these service. However, a few of the challenges with early childcare are elaborated on below in further detail:

BARRIERS TO EXPANDING EARLY CHILD CARE



Families struggle to afford child care.

The ECCNA found that cost is the greatest barrier for families to access quality early childhood education. The main public assistance for families at or below 200% of federal poverty level (FPL) is childcare subsidy funded by the federal and state government. However, the funding is capped, meaning that families that apply after all subsidy has been allocated are put on a waiting list.



There is a child care availability crisis.

According to the parent survey, *“Only 26% of parents and caretakers reported finding ‘plenty or a satisfactory number of childcare options’ for infants.”*

There are 28 licensed childcare centers and 13 family childcare homes in Chatham County. As many as 18 childcare providers are interested in expanding, but recent grant applications to the NC Department of Health and Human Services (DHHS) have been denied.

41

There are only 41 licensed childcare centers in Chatham.

1,108

Chatham facilities serve 1,108 children.

401

There is a waiting list of 401 children for early childcare.



Providers are struggling financially.

Nationally, most for-profit providers operate on a margin of 1% or less (Citation: ECAP Needs Assessment). In Chatham, eight childcare centers and family homes have closed since 2020, removing 296 slots from Chatham's early childcare system. Two facilities - Busy Bees and Robyn's Nest - have closed in the last year.

8

8 providers have closed since 2020, including two in the last year.

296

Since the pandemic, 296 slots have been removed from Chatham's early childcare system.



The workforce pipeline is broken.

The ECAP Needs Assessment found that the early childcare workforce is in crisis. Salaries are too low, and employees are leaving the childcare field for better paying jobs, a situation exacerbated by the worker shortage following the COVID pandemic. Central Carolina Community College (CCCC) has seen little recent interest in early childhood education courses. Simply, employees are leaving the field and there is no pipeline to steer young people into early childhood education careers. Some private providers also reported workforce challenges as the reason for having to close classrooms.

\$26,310

Childcare workers in private facilities earn an average annual salary of \$26,310.

\$18.40

The living wage in Chatham is \$18.40 per hour.

CASE STUDIES

EARLY CHILDCARE & PRE-K IN OTHER STATES

A genuinely universal pre-K program would be open to all children with no caps on family income, funding limits, or enrollment caps. Although not all children may be enrolled in the program, Vermont, Florida, Oklahoma, and the District of Columbia offer actual universal pre-K programs. An additional nine states - Alabama, California, Georgia, Iowa, New Jersey, New Mexico, New York, West Virginia, and Wisconsin - offer programs considered universal because of their eligibility requirements; however, funding constraints and caps on available slots mean not all eligible children can access care.

70%

The NIEER considers Pre-K programs universal if they have 70% enrollment rates.

As of 2021, Florida, Iowa, Oklahoma, Vermont, West Virginia, Wisconsin, and the District of Columbia achieved or exceeded the benchmark of 70%. Ten others - Arkansas, California, Georgia, Louisiana, Maine, Maryland, New Mexico, New York, South Carolina, and Texas - had at least 45% enrollment. Five states have no state-funded pre-K. The remaining states offer non-universal, state-funded pre-K.

Iowa, Oklahoma, Maine, Vermont, Wisconsin, and the District of Columbia all fund their pre-K programs through a K-12 funding formula. In New Jersey, the Abbott Preschool Program - which offers universal pre-K in high-poverty districts - resulted from litigation and a court order. Georgia and other states use money from a state lottery program.

(Citation: **How States Fund Pre-K: A Primer for Policymakers Education Commission of the States February 2018**).

(Citation: **Response to Information Request Education Commission of the States April 2021**).

(Citation: **“Which states Offer Universal Pre-K? It’s more complicated than you might think” by Libby Stanford January 25 2023**).

(Citation: **“Support for Universal Pre-K grows as more states jump on board” by Libby Stanford Education Week January 17 2023**).





Though NC local governments cannot use many of the funding mechanisms noted in the out-of-state case studies, they might be able to substitute them with other sources allowed by state law. The two primary funding mechanisms explored in these case studies are:

1 Property Tax Referendum.

2 Sales Tax Rate Increase.

The North Carolina Early Childhood Foundation’s (NCECF) vision is that “each NC child: has a strong foundation for life-long health, education, and well-being supported by a comprehensive, equitable birth-to-eight ecosystem.” (Citation: [About Us | NC Early Childhood Financing Tools \(nearlychildhoodfoundation.org\)](#)). To that end, the foundation works to advance strategies by promoting policy solutions and has provided a summary of funding sources and case studies on its website. The following pages provide summaries of these case studies and is sourced from the NCECF.

CASE STUDY - CITY OF CINCINNATI, OHIO

PROGRAM BACKGROUND

Cincinnati Preschool Promise provides two years of high-quality preschool for three- and four-year-olds, as well as tuition assistance for low income families. Eligibility for this program has increased from 200% of FPL to 300%. The program also improves quality ratings for preschool centers, and recruits and retains early childhood educators by offering wage parity. The majority of revenue supports K-12 education. Prior to program implementation:

67%

67% of the city's 9,200 three-and four-year-olds live in poverty (less than 200% of FPL).

40%

40% of children entered Kindergarten unprepared before the program.

KEY TAKEAWAYS

- Cincinnati Preschool Promise helped nearly 7,000 families with tuition assistance.
- The number of high-quality facilities providing this program increased 29% in 2019, and 53% more children were served.
- An independent evaluation also showed children served performed 10% better than other children on the Ohio Department of Education Kindergarten Readiness Assessment.

FUNDING MECHANISMS

A property tax referendum passed by voters in November 2020 renewed a levy of \$0.734 per \$100 property value, or \$1,468 annually for a \$200,000 home.

\$48 Million

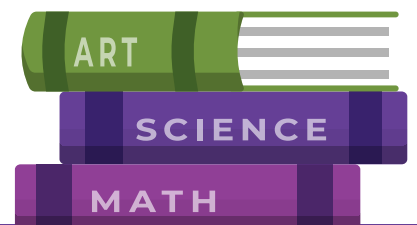
The estimated annual revenue raised is \$48 million.

\$15 Million

\$15 million of the estimated revenue was earmarked to expand quality preschool.

\$33 Million

The remaining \$33 million supports K-12 learning programs.





Chatham County Connection

The tax rate levied by this referendum is higher than a majority of NC counties. The NC maximum rate is \$1.50 per \$100 valuation, and this represents almost one-half of the maximum, which no NC county is near. Approximately \$0.33 per \$100 represents the funding earmarked for the preschool program, which is equivalent to 44% of Chatham County's total tax rate.

\$1.50

The NC maximum rate is \$1.50 per \$100 valuation.

\$0.33

About \$0.33 per \$100 valuation represents funding earmarked for the preschool program.

44%

\$0.33 per \$100 valuation is the equivalent of 44% of Chatham County's total tax rate.

(Citation: **Cincinnati Ohio Case Study for Early Childhood Education**, (www.nearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.



CASE STUDY - MULTNOMAH COUNTY, OREGON

PROGRAM BACKGROUND

The local United Way convened a Parent Accountability Council (PAC), which recommended high-quality, culturally specific preschool programs for all county children ages three and four. The program follows Oregon Early Learning and Kindergarten Guidelines. It is offered on half-and full-day bases and includes year-round and school-based schedules. Lead teachers are paid on par with Kindergarten teachers. Additional funding is provided for professional development and educational attainment.

60%

Before implementation of the program, 60% of children did not have access to preschool.

\$19.91

Instructional assistants are paid \$19.91 per hour.

KEY TAKEAWAYS

- Funds generated are expected to create 7,000 slots by 2026 and provide universal pre-K by 2031.
- Tuition is free for all families for up to six hours per day. Up to 10 hours of free care is provided under the Self Sufficiency Standard, an income threshold set for families, where basic needs are provided without public assistance, and is roughly equivalent to the idea of a living wage (Citation: Overview - Self Sufficiency Standard).

FUNDING MECHANISMS

A progressive income tax was passed by voter referendum in November 2020.

\$105 Million

The tax was estimated to generate \$105 million in 2021.

\$146 Million

A tax increase in 2025 is expected to generate \$146 million annually.

(Citation: **Multnomah County, Oregon Case Study for Early Childhood Education**, (www.ncearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.

CASE STUDY - CUYAHOGA COUNTY, OHIO

PROGRAM BACKGROUND

After a year-long planning process involving every community sector, the county expanded its pre-K in 2017. This effort was built from a 1999 public/private partnership known as Invest in Children. Nationally known consultants developed the program and funding models. Through an RFP process, the fund provides resources for serving children prenatal to five-years-old, with the goal of enhancing and providing training and technical assistance on classroom quality, family engagement, professional development, and community referrals. Pre-K scholarships to reduce tuition for families earning below 400% FPL are also provided.

4,600

The number of pre-K slots increased from 1,000 to 4,600.

KEY TAKEAWAYS

- An independent evaluation showed the program produces significantly greater Kindergarten readiness, when compared to other high-quality programs.
- This result was significantly higher for children who attended pre-K for 18 months.





FUNDING MECHANISMS

In 2016, voters approved a two-year renewal of the \$3.9 million health and human services tax. The private sector was invited to match these funds, which are held in the Cleveland Foundation.

\$4.7 Million

\$4.7 million committed to universal pre-K in the annual county budget.

\$10 Million

Elected County Executive committed \$10 million to expand universal pre-K.

\$12 Million

The private sector raised more than \$12 million for universal pre-K.

\$22.5 Million

A combined budget of \$22.5 million over three years for universal pre-K.

(Citation: **Cuyahoga, County Case Study for Early Childhood Education, Cuyahoga County, OH | NC Early Childhood Financing Tools (nearlychildhoodfoundation.org)**).



Info for this case study comes from the NC Early Childhood Foundation.

CASE STUDY - CITY OF PHILADELPHIA, PENNSYLVANIA

PROGRAM BACKGROUND

A 2016 study revealed that the city was serving only one in three children with affordable, quality pre-K. During the first year, 2,000 new slots were created, and 4,000 slots were provided when the case study was conducted. Funding also includes improvement of provider quality. Pre-K is open to all families, regardless of income, but the city prioritizes funding slots in high-poverty neighborhoods with at-risk children and in areas with a shortage of slots. The program is offered on a traditional school calendar.

5,500

The "Sugary Drink Tax" was implemented to create 5,500 pre-K slots by FY 2023.

251

The program has hired 251 staff, including at least 191 teachers.

KEY TAKEAWAYS

- 33 providers have moved to quality status, as indicated by their Keystone STARS rating.
- A Harvard University study showed the tax will save 700 lives and \$200 million in medical costs.

FUNDING MECHANISMS

The program is funded through a 1.5-cent per ounce tax on sugary beverages, and has upheld several court challenges.

\$79 Million

The tax has generated nearly \$79 million its first year.

\$8,500

The tax provides \$8,500 in funding per child.

(Citation: **Philadelphia Pennsylvania Case Study for Early Childhood Education**, (www.nearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.

CASE STUDY - SALT LAKE COUNTY, UTAH

PROGRAM BACKGROUND

A longitudinal study (2006-2009), showed that 33% of low-income children participating in preschool avoided the need for special education services in elementary school, and other services through 12th grade, resulting in substantial savings for the school district. Based on these savings estimates, the school district issued Social Impact Bonds to expand its preschool program, Utah High Quality Preschool, for three- and four-year olds, by five cohorts. In September of 2013, the school district began an evidence-based curriculum to increase school readiness, and followed children for six years after completing preschool.

3,500

Preschool program expansion estimated to serve an additional 3,500 children.

KEY TAKEAWAYS

- In 2015, of 595 children, 110 would have likely needed special education in grade school.
- Only one student used special education services in Kindergarten, resulting in substantial savings to the school district.

FUNDING MECHANISMS

Granite School District issued Social Impact Bonds based on cost savings demonstrated in the required feasibility study. The funds were administered by United Way of Salt Lake, which is also responsible for ensuring that investors are repaid. Investors are repaid based on the effectiveness of preventative services (Citation: **County of Salt Lake Utah Case Study for Early Childhood Education**, (www.nearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.





CASE STUDY - CITY OF SAN ANTONIO, TEXAS

PROGRAM BACKGROUND

In 2012, more than 25% of the population did not attend preschool, and full-day care was not affordable to the majority of families. San Antonio established Pre-K 4 San Antonio to serve low-and middle-income families. Funding also provides professional development, competitive grants for other public and private centers to expand access, and family engagement. Teachers hired were paid above-market wages and were required to have three weeks of professional development annually.

5,700

5,700 four-year-olds, or 25% of the population, did not attend preschool in 2012.

75%

75% of families qualified for federal and state preschool programs.

\$65K

The income threshold for a family of 4 increased to \$65K in 2020 from \$45K in 2012.

2,000

Four education centers across the city provide full-day pre-K to 2,000 additional children.

KEY TAKEAWAYS

- A University of Texas at San Antonio longitudinal study found the program produced positive results on third-grade reading and math scores, special education placement, and school attendance.
- The program increased attendance by 9%, resulting in an increase in \$23.2 million in school funding.
- A Westat cost-benefit analysis showed every \$1 spent on pre-K returned \$1.56 in savings.
- The program is ranked as one of the only five “gold medal” early childhood education providers by City Health and NIERR.
- Personal stories of participants shared in focus groups converted opponents of the referendum to proponents, regardless of political affiliation.
- Local chambers of commerce publicly endorsed the initiative.

FUNDING MECHANISMS

In 2012, voters approved a referendum to increase the local sales tax by one-eighth of one percent to fund Pre-K 4 San Antonio. Voters approved an eight-year renewal of the original referendum in November 2020. The sales tax funds 80% of program costs - the remaining 20% is funded by state and federal revenues.

\$37 Million

The tax generates approximately \$37 million annually.

(Citation: **San Antonio Texas Case Study for Early Childhood Education**, (www.nearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.



CASE STUDY - CITY OF SEATTLE, WASHINGTON

PROGRAM BACKGROUND

In November 2014, voters approved a referendum that would increase property taxes to fund the Seattle Preschool Program in response to low rates of third-grade reading proficiency and limitations on the state-funded preschool program. The City of Seattle went beyond this initial effort and created the Department of Education and Early Learning in 2015 to support a range of initiatives, from prenatal care to post-secondary education. The program emphasizes equity for underserved communities, including African American/Black, Latinx, Native American, Pacific Islander, and Asian populations.

SEATTLE PRESCHOOL PROGRAM

The Seattle Preschool Program was initially time-limited and had high public support (as indicated by polling). Tuition is free for families earning less than 300% of the FPL, and families above this threshold pay based on a sliding scale. The program currently has 87 preschool sites, including 22 dual-language classrooms and 21 classrooms for children with special needs. 45% of English speakers met all Kindergarten readiness expectations, compared to just 42% of those who did not attend preschool. 49% of Black participants demonstrated readiness, compared to 47% without preschool.

33%

Prior to the program, only 33% of children were enrolled in full-day preschool.

2,000

The referendum authorized a pilot to serve 2,000 children in 100 classrooms by 2018.

1,959

Children served has increased since 2015 from 910 to 1,959 children in 2022.

77%

As of 2022, the program serves 77% of all BIPOC students.

The program provides a summer extension (voluntary for providers) for two years to support the transition to Kindergarten and wrap-around care for families that need care beyond the typical school day. As part of participation in the program, classrooms also receive assessments, training, curriculum instruction, and coaching. Mental health consultants are provided to support classrooms with behavioral and developmental needs. The program also provides grants to build, renovate, and upgrade preschool sites.

868

In 2022, 868 preschoolers benefited from 10 weeks of additional programming.

\$945K

In 2021, the city awarded five grants totaling approximately \$945,000.

The program also features an inclusion model for children with Individual Education Plans (IEPs). It is based on a University of Washington model, and pairs children with IEPs with typically developing children. 18 classrooms are provided by Seattle Schools and three classrooms are by private providers.

SEATTLE EARLY CHILD CARE

Efforts were increased during and after COVID to address the crisis in childcare exacerbated by the pandemic. Specific programs included

1

Prenatal-to-Two Care at Home

Seattle funded research-based, prenatal-to-two home visiting programs to support healthy birth outcomes, increase literacy rates, and improve parent-child interactions. The program pairs families with income-eligible children who are having their first child.

374

In 2022, the program served 374 families.

2

Prenatal-to-Three Community-Based Grant Program

This first-in-the-nation program provides community-led solutions outside typical settings and is funded by the sweetened beverage tax. Most grants were provided to early childhood providers.

\$2.9 Million

The city awarded a total of \$2.9 million in contracts to community organizations.

3

ParentChild+ and ParentChild+Family Childcare

Through a secondary home visiting program, the city provides culturally responsive, research-based programs through community organizations. The program is focused on increasing language and literacy, enhancing social-economic development, and strengthening parent-child relationships.

473

In 2022, 473 families participated.

99%

In 2022, 99% of participating families identified as people-of-color.

4

Childcare Stabilization

In 2022, the city, through its payroll tax, partnered with the county to provide each childcare worker with \$500. Another round of payments was expected for 2023. The city also provided grants to 631 providers. Grants ranged from \$1,000 to \$5,000 for stabilization (funding was flexible).

\$500

In 2022, the city partnered with the county to provide each childcare worker with \$500.

631

The city provides grants to 631 providers.

\$1,000-\$5,000

Grants ranged from \$1,000 to \$5,000 for stabilization.

5

Child Care Assistance Program (CCAP)

CCAP is intended to serve children between the ages of one month and 12 years who do not qualify for the state's childcare subsidy program. The program assists families making between 60% and 94% of the state's median income, and in 2022, CCAP saved families between 36 and 41% in childcare costs. Vouchers are provided for both quality daycare centers and family centers, and funding also supports wrap-around care for K-12 children. Without this support, families would have spent 54-64% of their income on childcare - the subsidy reduced it to 10-15%, or 14-23% for infants. 31% of children served are Black and 16% are Latino.

820

820 children were served by the CCAP in 2022, up from 604 the previous year.

\$4.4 Million

\$4.4 million was provided in 2022 to support families with vouchers for care.

6

Homeless Child Care Subsidy Program

This program supports homeless families with short-term childcare subsidies, service coordination, referrals to agencies, and supports such as gas cards, clothing, and baby essentials.

135

In 2022, 135 monthly vouchers were provided, serving 37 children. .



FUNDING MECHANISMS

Voters approved an increase of \$0.011 per \$100 of property value to fund the Seattle Preschool Program. This means a \$200,000 home would pay an additional \$22 per year.

\$14.5 Million

\$14.5 million in estimated revenues per year.

Efforts through the Department of Education and Early Learning are funded by property taxes, as well as grants, federal funds, and other local funding sources - sweetened beverage tax, payroll expense tax, and general fund revenue.

\$11.5 Million

The budget for childcare access was \$11.5 million in 2022.

(Citation: **Seattle Washington Case Study for Early Childhood Education**, (www.nearlychildhoodfoundation.org)).

(Citation: **2022 Annual Report, Seattle Department of Education and Early Learning, 2023**).



Info for this case study comes from the NC Early Childhood Foundation.

CASE STUDY - CITY OF PORTLAND, OREGON

PROGRAM BACKGROUND

Data showed an achievement gap and much lower graduation rates for children of color. Portland's Early Child Services Program, in existence since 2002, provides grant funding to proven programs that help prepare children for school, prevent abuse and neglect, offer safe wrap-around care, and provide mentors to children. The majority of children served are from families at or below 185% of the FPL. Foster care and hunger relief were added in 2008. Businesses, advocacy groups, and religious leaders all endorsed the initiative. The grant process is transparent and involves volunteer community reviewers and a scoring process. The program has also established accountability metrics.

\$17.8 Million

In 2018, 74 programs received a total of \$17.8 million.

33%

Data shows 33% of children of color, compared to 23% generally, live in poverty.

KEY TAKEAWAYS

- Children served in 2015-2016 included 70.1% children of color and 31.8% from families whose first language is not English.
- 82.1% of participating children met age-appropriate milestones.
- 91.2% of children were up to date on immunizations.
- 95.8% of caregivers demonstrated improved parenting skills.

FUNDING MECHANISMS

In November 2002, Portland voters approved a property tax levy of \$0.0426 per \$100 valuation (or about \$85 for a \$200,000 home). The tax increase was limited to five years and administrative costs capped at 5%. The referendum was renewed in 2008, 2013, and 2018.

\$9.5 Million

The property tax levy generates approximately \$9.5 million per year.

(Citation: **Portland Case Study for Early Childhood Education, Portland, OR | NC Early Childhood Financing Tools (nearlychildhoodfoundation.org)**).



Info for this case study comes from the NC Early Childhood Foundation.

CASE STUDY - CITY OF ST. LOUIS, MISSOURI

PROGRAM BACKGROUND

Following a ranking of 49th in the country for the state of Missouri, the City of St. Louis increased access to subsidized childcare through a dedicated funding source. The city prioritizes families with the highest need. The tax revenue is distributed through the Children's Services Fund, which is administered by the St. Louis Mental Health Board.

FUNDING MECHANISMS

A proposition to increase the property tax levy by \$0.06 per \$100 property valuation (\$120* for a \$200,000 home) passed in November 2020. The proposition passed after another proposition to raise sales tax, which was seen as regressive, was abandoned.

\$2.3 Million

The property tax levy is expected to raise \$2.3 million annually.

*The source shows \$22.80, but the calculation appears to be incorrect.

(Citation: **St. Louis Missouri Case Study for Early Childhood Education**, (www.nearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.





CASE STUDY - CITY OF PETAL, MISSISSIPPI

PROGRAM BACKGROUND

Petal became the first community in Mississippi to achieve Excel by 5 Certification in 2006. The effort creates a broad-based funding system for this small community with limited resources to consolidate services in one location. A “Backyard Bus” visits neighborhoods twice weekly and offers hands-on activities for young children, and in weekly small-group “playshops”, children are observed by speech pathologists, occupational therapists, and early childhood specialists.

FUNDING MECHANISMS

A portion of Petal’s property tax is designated for the initiative. It also receives funding from the Petal School District, the County Board of Supervisors, a local education foundation, and private grants (Citation: **Petal Mississippi Case Study for Early Childhood Education (www.nearlychildhoodfoundation.org)**).



Info for this case study comes from the NC Early Childhood Foundation.

CASE STUDY - CITY OF ASPEN, COLORADO

PROGRAM BACKGROUND

Workers in Aspen's tourism economy have a difficult time affording the city's high cost of living. Housing and childcare costs were barriers for the business community to attract and retain workers. In 1990, voters approved a referendum to raise sales tax and set aside the proceeds for affordable housing and childcare.

KEY TAKEAWAYS

- The effort had the support of the business community, which recognized families needed support for businesses to attract and retain employees.
- The sales tax increase was initially time-limited, but has been reauthorized.

FUNDING MECHANISMS

Funding from Kids First Child Care is used for many purposes:

- Childcare subsidy is provided for families up to 500% of the FPL, making this the highest income threshold found in research.
- Grants are provided to childcare providers for quality improvements including coaching, professional development, infant and toddler operational support, grant writing, and start-up costs.
- Grants provided to address the ECE workforce included bus passes for employees, training and technical assistance, and substitute staffing.

(Citation: **Aspen, CO Case Study for Early Childhood Education, Aspen, CO | NC Early Childhood Financing Tools** (nearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.



CASE STUDY - CITY OF WAYZATA, MINNESOTA

PROGRAM BACKGROUND

Wayzata is a suburban community that does not have access to the same level of federal funding inner cities typically do. Changes to welfare in the late 1990s created barriers to childcare, especially for parents who had to find work instead of caring for their children. In 2007 the city created the Caring for Kids Initiative, a public-private program, in response to these challenges. The initiative had high-levels of support from the faith sector, including Superintendent of Wayzata Schools, and retired corporate executives in the county. The program offers scholarships to low-income families for quality education opportunities for children before Kindergarten. Caring for Kids partners with 12 quality centers to provide scholarships to about one-third of the city's low-income children.

180

180 children served by Caring for Kids Initiative.

219

219 parents received resources and other support.

KEY TAKEAWAYS

- 100% of children ages three to five demonstrated Kindergarten readiness or had intervention strategies in place. They were 50% more likely to meet standards for readiness than other low income families.
- 88% of children ages birth through three demonstrated age-appropriate development and the remaining children were referred to the district's Family Support Team.
- 80% of families reported literacy activities at home.





FUNDING MECHANISMS

\$300K

The Minnesota Early Learning Foundation provided \$300K in seed money in 2006.

\$198K

Hennepin County provides \$198K per year.

\$126K

The school district gives \$126K per year.

\$300K

Local business leaders provided \$300K to the Interfaith Outreach Investment Fund.

(Citation: **Wayzata Minnesota Case Study for Early Childhood Education**, (www.ncearlychildhoodfoundation.org)).



Info for this case study comes from the NC Early Childhood Foundation.

NCECCC MODEL SALARY SCALE

OVERVIEW

The NC Early Childhood Compensation Collaborative Model Salary Scale for Early Education Teachers was created out of a national project to improve compensation for early childhood educators. In May 2023, the collaborative published the model salary scale. The collaborative emphasizes the need to pair wages with educational attainment, including licensure, and certifications. The model scale was tested by researchers at UNC Charlotte who conducted surveys of childcare providers representing different star ratings and geographical areas. The study also includes a list of recommended benefits, which are among the top five factors impacting workforce retention.

WHAT IS THE MODEL SALARY SCALE?

The model salary scale is based on parity with entry-level public-school teachers (though it does not take into account local supplements paid by counties, which vary across the state) and the concept of a “living wage” for early childhood workers whose educational credentials are not on par with teachers. The living wage is calculated based on a Massachusetts Institute of Technology (MIT) Living Wage Calculator (Citation: **Living Wage Calculator - Counties and Metropolitan Statistical Areas in North Carolina (mit.edu)**).

\$16.38

The recommended minimum wage for childcare workers is \$16.83 per hour.

Statewide, the collaborative recommended \$14.92 per hour as the minimum wage for childcare workers based on the living wage for a single person with no children. The figures have been updated by MIT and are now at \$16.83 per hour for North Carolina as a whole. In Chatham, the living wage is calculated at \$18.40 per hour. The collaborative recommends updating figures annually for inflation and local conditions.





Model Salary Scale for Early Education Teachers

B-K License Public School			
Hourly Salary	Monthly Salary	Annual Salary (10 mo.)	Annual Salary (12 mo.)
\$21.35	\$3,700	\$37,000	\$44,400

BA/BS ECE/Child Dev.		
Hourly Salary	Monthly Salary	Annual Salary (12 mo.)
\$20.28	\$3,515	\$42,180

AAS ECE/Child Dev.		
Hourly Salary	Monthly Salary	Annual Salary (12 mo.)
\$16.01	\$2,775	\$33,300

B-K License Public School		
Hourly Salary	Monthly Salary	Annual Salary (12 mo.)
\$14.92	\$2,586	\$31,034

(Citation: **North Carolina Early Childhood Compensation Collaborative Model Salary Scale for Early Education Teachers (p. 5)**).

(Citation: **North Carolina Early Childhood Compensation Collaborative Model Salary Scale for Early Education Teachers**).

PARTNERSHIPS

PUBLIC PARTNERSHIPS

CENTRAL CAROLINA COMMUNITY COLLEGE

The county provides funding to Central Carolina Community College (CCCC) for Chatham Promise, which allows Chatham residents to receive two years of free community college. This program could be modified to incentivize students going into K-12 and early childhood education.

CHATHAM COUNTY SCHOOLS

As the school system is experiencing similar workforce issues that will be exacerbated when WolfSpeed and VinFast begin operation, a partnership with the school system to promote careers in K-12 and early childhood education seems obvious.

PUBLIC/PRIVATE PARTNERSHIPS

Public/Private partnerships offer an opportunity to build the necessary new facilities without the county or a private provider taking on the full burden of construction costs.

The best example of this kind of collaboration can be found in the Miami-Dade United Way Center for Excellence in Education Demonstration School, Educare of Miami-Dade. Although the state of Florida funds a Universal PreK program, United Way of Miami Dade County adopted early childhood as one of its focus areas and leveraged their fund-raising ability to create a 12,000+ square-foot high-technology demonstration school. The Demonstration School provides care for 116 children aged six weeks to five.

Opportunities for public/private partnerships in Chatham County should be explored, especially in the underserved areas of the county. In addition, county parks, such as Parkers Ridge (Moncure) and Southwest Park (Bear Creek), offer potential building sites for childcare centers that could be leased to a private provider.





ECONOMIC DEVELOPMENT INCENTIVES POLICY

Following the lead of states that include early childhood in economic development incentives (Citation: **Business Child Care Tax Credits and Incentives by State 2023**), Chatham County can leverage its position as a high-growth county by including support for early childhood in the economic development incentives policy, and could include the following:

- 1 On-site daycare or financial assistance for children birth through age three.

On-site daycare and/or financial assistance for daycare are important benefits to parents who otherwise could not accept a position. Development of on-site childcare and financial assistance for child care should be added to Chatham County's incentives policy and weighted as a major factor.

- 2 Flexible Spending Account (FSA).

FSA programs allow employees to use pre-tax dollars to pay for childcare. This is a benefit that is attractive to workers with families and those who are planning to have families. Again, the incentives policy could give points for this, though not at the same weight as on-site day care.

- 3 Retain a percentage of incentives for a childcare fund.

Finally, since availability of childcare is such an important component of workforce attraction and retention, the county could consider setting aside a small portion of the incentives it grants to companies to locate here. For example, instead of granting back 50% of taxes paid, with the company's agreement, the county could retain 1 or 2% to go into a childcare fund. This could be weighted as a major factor in the incentives policy.

ECONOMIC DEVELOPMENT PARTNERSHIP OPPORTUNITIES

1

Business contribution to an early childhood scholarship program.

In Durham, Child Care Services leveraged private support to create a scholarship program for families in need of childcare services. Childcare Services received funding from United Way, UNC Hospitals, Town of Carrboro, Town of Chapel Hill and private donors.

2

Chatham Economic Development Corporation loan program.

The Chatham Economic Development Corporation (EDC) currently has a small loan program for local businesses that could be used to support childcare facility expansion.



Future Consideration: Tri-Share Childcare Program

The Michigan Tri-Share program is the first of its kind public/private partnership that equally shares the cost of child care between the state, employers and employees. The program is included in the North Carolina FY 2024 budget for piloting in three Partnerships for Children across the state. The guiding priorities of this program include eliminating barriers to employment for workers who have limited assets and income and assisting employers in attracting and retaining employees. The program uses facilitator hubs to connect employees to licensed childcare providers. The hubs also recruits employers, collects payments, and assists employers with recruiting eligible employees within their businesses. The program is voluntary for employers.



RECOMMENDATIONS AND COSTS

OVERVIEW

With direction from the ECAP Advisory Committee, the following section proposes recommendations and estimates costs to address challenges detailed in the ECCNA and the first part of this document. All recommendations have been reviewed by CCPC for fiscal impact, and an administrative rate of 10% has been included when applicable. In a few cases, action may require additional staffing; those costs have also been included. A prioritized list of action steps, as determined by the ECAP Advisory Committee, is located at the end of this section. In some cases, recommendations do not have a quantifiable cost; these have been noted as not officially part of the fiscal analysis, but were suggested by the consultant based on the research conducted. The ECAP Advisory Committee does recommend maximizing the number of NC Pre-K slots before significantly expanding the program, which would require local funding.

CHATHAM COUNTY EARLY CHILDCARE - BIRTH TO 47 MONTHS



Families struggle to afford child care.

1

Eliminate the subsidy waiting list.

Research showed that several counties, including Mecklenburg County, NC, provided local funding to eliminate the subsidy waiting list. The ECAP Advisory Committee recommends that Chatham County follow suit by providing funding to eliminate its waiting list.* The cost was calculated based on the average monthly subsidy paid for childcare and the average waiting list since 2015, as provided by the Chatham County Department of Social Services (DSS).

Funding Required to Eliminate Wait List

Current Monthly Average Subsidy Paid	\$ 732
Yearly Amount/Child	\$ 8,784
Average Wait List since 2015	\$ 98.25
Projected Administrative Costs	\$ 0
Cost to Eliminate Wait List for 200% FPL	\$ 863,028

**Chatham County currently does not have a waiting list and hasn't since COVID. In recent history, the waiting list has been as high as 401 children, but has averaged slightly more than 98 children since 2015. This figure was used for the analysis.*

2

Increase the subsidy income threshold to 300% FPL.

The ECAP Advisory Committee recommends Chatham County provide childcare subsidy funding for children ages birth to 47 months whose families earn between 200% and 300% FPL.* Research shows that Mecklenburg County, NC, has implemented this strategy. Aspen, Colorado provides assistance for families earning up to 500% FPL. The following table shows 2024 income limits for those at 300% FPL.

Family Size	Income Limit
1	\$45,180
2	\$61,320
3	\$77,460
4	\$93,600
5	\$109,740
6	\$125,880
7	\$142,020
8	\$158,160

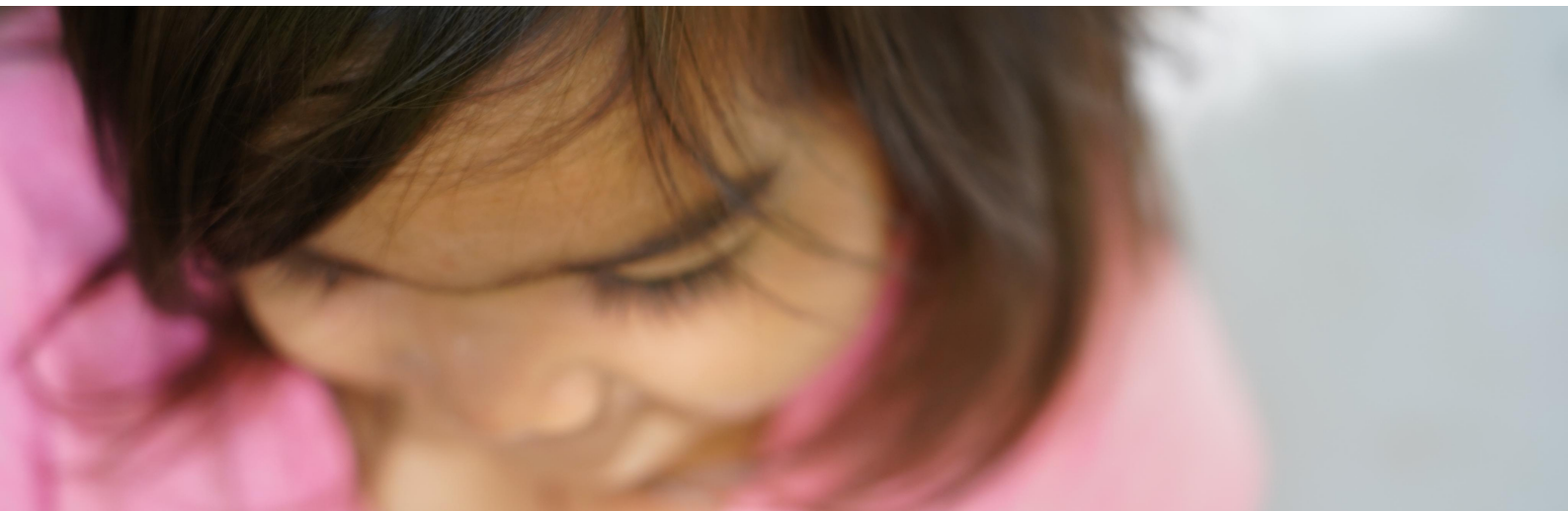
According to the American Communities Survey (ACS), the number of Chatham County families earning between 200% and 300% FPL was 2,846 in 2022. To calculate the number of children in these families who would utilize subsidy, the same rate of utilization for families/children at or below 200% FPL, including the average waiting list, was used. In addition, 71% of all subsidy payments go to children in this age group.

2,846

2,846 Chatham County families earning between 200% and 300% FPL in 2022.

71%

71% of all subsidy payments go to children birth to 5.



CCS indicated several challenges with administering a locally funded subsidy for these families. Additional software would be needed because the program furnished by the state does not calculate eligibility at this higher income threshold. The state software also automatically generates payments to childcare providers, which would become a manual process if the new software does not have this functionality. Administrative costs shown below including funding for an additional Chatham County DSS employee, as well as a half-time Finance employee. A software solution is not immediately apparent, but these costs should be incorporated into this estimate once they are known.

Funding to increase threshold to 300% FPL	
Number of families in 2022	2,846
Projected number of children (using 200% FPL utilization rate)	181
Direct Cost of 300% FPL (including wait list)	\$ 1,590,917
DDS Administrative Costs (includes \$2,800 one-time costs)	\$ 69,482
Finance Administrative Costs	\$ 29,596
Total	\$ 1,689,995

Since the rate of subsidy usage by families at this higher income threshold may result in higher usage rates than families at or below 200% FPL, a sensitivity analysis is shown below. Note percentages indicate that the utilization rate is higher by that amount. For example, if families at the higher income threshold use subsidies at a 25% higher rate, the cost would be \$2.1 million. Mecklenburg County, which it increased its income threshold to 300% FPL, did not observe greater use of subsidies by these families.

25%	\$ 2,087,725
50%	\$2,485,454
75%	\$2,883,183
100%	\$3,280,913

Beyond the Fiscal Analysis

Though not officially part of the fiscal analysis, the ECAP Advisory Committee also recommends expanding Early Head Start programs. When interviewed, local Head Start staff noted how the federal government has an annual process whereby programs apply for capital and operational funding for expansion. Since Head Start is currently at capacity in Chatham County, this provides an opportunity to offer services to more families earning at or below 100% FPL. Head Start can be administered in a family setting, so family childcare centers could help address the lack of trust expressed by caretakers - especially Latinx families - in the ECCNA and ECAP, as these facilities are smaller (2-9 children) and located in the provider's home.



There is a child care availability crisis.

The Early Childhood Education Fund has the potential to address Chatham County's need to expand space for care. In addition, the ECAP Advisory Committee recommends the following actions.

1

Build an early childcare system at Parker's Ridge.

The committee recommends working with Chatham County to construct an early childcare and pre-K center at Parkers Ridge Park in Moncure that would serve as a model for future childcare centers. The facility would be leased to a private provider through CCPC to operate. Currently, there are no licensed childcare facilities in Moncure, where FedEx will create some 300 jobs in 2024, an VinFast will create 7,500 jobs over the next several years. Some caretakers prefer facilities near their work to streamline transportation and allow parents to visit during breaks. In addition to creating jobs, these large projects are also likely to increase residential housing in the area, further the demand for care. The childcare center would provide space for 110 children ages 0 to 47 months.

300

FedEx is expected to create some 300 jobs in Moncure in 2024.

7,500

VinFast is expected to create 7,500 jobs in Moncure over the next several years.

110

The childcare center would provide space for 110 children ages 0-47 months.

The costs shown on the next page assume the facility would be built jointly with the community center at Parkers Ridge in 2027 (and the costs are inflated to 2027). Co-locating with the community center has the potential for cost savings, including joint parking, a shared generator, and shared meeting spaces.

Construction	\$ 3,984,750
Outdoor Playground	\$ 90,000
Generator	
Contingency	\$ 400,000
Architect	\$ 400,000
FF&E	\$ 400,000
Other owner costs	\$ 50,000
Total	\$ 5,324,750
Escalated Cost (12%/year)	\$ 7,880,630

The ECAP Advisory Committee recommends the following regarding leasing the facility through CCPC:

- Lease the building to CCPC for sublease to a childcare provider selected through a request-for-proposal (RFP) process. The consultant recommends selecting the provider before facility design begins.
- Charge a below-market rate for rent, or \$10 per square foot. The county would receive rental income of approximately \$100,000 per year. CCPC would also be allowed to retain 10% of the market rate, or \$25,000 at \$25 per square foot, for property management.

\$100K *The county would receive rental income of approximately \$100K per year.*

\$25K *CCPC would retain \$25K at \$25 per square foot for property management.*

2 **Explore Economic Development Corporation opportunities.**

Target Chatham County’s Small Business Loan program, which is intended primarily to assist minority-owned businesses with opening new and expanding existing childcare centers. Many facilities and family childcare centers are owned by people of color and the program has historically been underutilized. It guarantees up to 50% of a loan up to \$50,000 (Citation: **Chatham Loan Fund, Chatham County Economic Development Corporation, last updated January 2020**).



Beyond the Fiscal Analysis

Several recommendations are beyond the scope of the fiscal analysis, but are directly related to the childcare availability crisis, including:



Early Head Start

Pursue federal funding to expand Early Head Start into family childcares.



Onsite Daycare

Incentivize private companies to offer onsite daycare through county's economic development incentives policy.



Technical Assistance

Provide technical assistance for private centers wanting to expand.



Small Business Loan Program

Target EDC's Small Business Loan program for new and expanding childcare centers.





Providers are struggling financially.

1

Develop an Early Childhood Education Fund and grant process.





Buncombe County, NC, and several jurisdictions in other states have set up similar funds to support childcare providers with grants, including higher salaries and benefits for childcare workers, educational benefits for workers, and expansion grants for local providers. North Carolina local governments are not allowed to use public funds for capital costs to expand privately-owned facilities; however, the fund could include private funds (if funding sources are segregated) that could be used for private capital costs. Public dollars could possibly be used for revolving loans to private providers for capital facilities.

The ECAP Advisory Committee recommends developing an early childhood education fund and grant process to support providers. The fund could solicit private donations from local employers that are not currently receiving economic development incentives, such as Auraco and FedEx. With the company's consent, the county could also redirect 1-2% of economic development incentives to the fund.

The costs below include the 10% administrative fee and a new CCPC position to oversee the grant process, solicit donations, offer technical assistance for childcare providers wishing to expand, and otherwise administer the fund.

Annual Funding Request	\$ 600,000
Less Direct Cost of Compensation Pilot (p. 68)	\$ 274,722
Net Cost Year 1	\$ 325,228
10% Administrative Costs	\$ 32,523
New Position to Oversee Program (includes \$2,000 one time)	\$ 69,501
Year 1 Total Cost	\$ 427,251

The ECAP Advisory Committee also recommends changing the county's economic development incentives program to weigh contribution to the Early Childhood Education Fund as a major factor in determining eligibility for incentives. Proposed changes to the incentives policy point matrix include:

-  Flexible Spending Account **1 point** for offering a company flexible spending account.
-  Tri-Share/Partially-Paid Childcare **2 points** for partially-paid childcare (including Tri-Share if that is implemented statewide).
-  Fully-Paid & Onsite Childcare **3 points** for fully-paid childcare and onsite childcare.
-  Incentives Contribution **5 points** for contribution of 2% of incentives to the Early Childhood Education Fund.





The workforce pipeline is broken.

The committee recommends using the **NC Early Childhood Compensation Collaborative (NCECCC) Model Salary Scale** to develop and test a pilot program using 20 classrooms (including at least one pre-K classroom) in private childcare centers that are rated three stars or higher and accept subsidies. The pilot would compensate early childcare employees according to this scale, which depends on the level of education obtained by the employee and either the NC teachers' pay scale or the **Massachusetts Institute of Technology "Living Wage" Calculator** for Chatham County, NC. Participants would be required to obtain additional education in the early childcare field during the pilot period. The program would provide \$1,000 in annual employee benefits. Providers would apply for the pilot, preferably facility-wide to avoid pay disparities within centers.

20

The pilot program would include 20 classrooms.

\$1,000

\$1,000 in annual employee benefits for participating childcare employees.

The option presented includes Social Security and Medicare payroll taxes, and is based on salary and educational attainment data provided by seven Chatham County childcare centers. The administrative costs are based on the 10% administrative rate described in the introduction, plus the cost of an additional CCPC employee to oversee the program.

Direct cost of most underpaid centers	\$ 254,772
Annual Allowance for Benefits	\$ 20,000
Total Direct Cost	\$ 274,772
10% Administrative Fee	\$ 27,477
New Position to Oversee Program (includes \$2,000 one time)	\$ 69,501
Total Cost	\$ 371,751



Beyond the Fiscal Analysis

Though not directly part of the fiscal analysis, the Advisory Committee also recommends that CCPC partner with CCCC and CCS to develop the workforce pipeline and leverage Chatham Promise - which provides county funding for Chatham County high school graduates for two years at CCCC - to incentivize students pursuing K-12 and early childhood education.

CHATHAM COUNTY PRE-K

NC Pre-K in Chatham County has been underutilized since the COVID pandemic, as illustrated in the following chart:

	19-20		22-23	
	Slots	Enrollment	Slots	Enrollment
Chatham County Schools	174	173	162	129
Chatham Child Development Center	18	18	0	0
Head Start	52	52	54	48
Children First Learning Center	17	15	18	15
Robyn's Nest	9	8	0	0
Pasitos Felices	8	2	0	0
Subtotal Allocated	278	268	234	192
Unallocated Slots	0	0	47	0
Totals	278	268	281	192
Percentage Slots Filled		96%		68%

Prior to the pandemic, 96% of the 278 slots allotted to Chatham County were used. In 2022-23, only 68% of 281 slots were used. In addition, the number of slots offered locally has decreased by 35 slots because of the closing of Chatham Child Development Center and Robyn's Nest and Pasitos Felices dropping the program. CCS also has 12 fewer slots because of reduced demand.

The ECAP Advisory Committee recommends maximizing the number of NC Pre-K slots before significantly expanding the program, which would require significant additional local funding. In addition to maximizing NC Pre-K, scenarios were modeled for expanding pre-K to families earning 100% of Chatham median income and "universal" pre-K.



Families struggle to afford child care.

The ECAP Advisory committee recommends expanding and locally funding pre-K to include families earning at or below 100% of Chatham's median income as a major step towards achieving universal pre-K in the county. A sliding scale or flat fee would be required for those above Chatham's median income. In 2021 Chatham's median income was \$82,764, compared to a state median income of \$61,997.

\$82,764

\$82,764 was the median income in Chatham County in 2021.

\$61,997

\$61,997 was the median income for the state of NC in 2021.

The consultant recommends using 400% FPL as a proxy because this data is readily available and updated annually, and the average is near the average median income. In addition, county median income falls as family size increases, which would penalize larger families. The following table shows 2024 income limits for those at 400% FPL.

Family Size	Income Limit
1	\$60,240
2	\$81,760
3	\$103,280
4	\$124,800
5	\$146,320
6	\$167,840
7	\$189,360
8	\$210,880



Several expansion scenarios were run with varying provider types. Based on feedback from CCS, the preferred option is expansion in both CCS and private pre-K programs. Therefore, the costs for the 50% CCS/50% private option are given. This option results in costs of \$810,158 annually in operating expenses (in combination with the increased reimbursement rates). This would also result in a one-time capital expense of \$1.5 million, based on the cost of pre-K classrooms in Chatham Grove Elementary in today's dollars.

\$810,158

\$810,158 in annual operating expenses with a 50% CCS/50% private option.

\$1.5 Million

One-time capital expense of \$1.5 million for this option.

1

Providing “universal” pre-K.

To provide “universal” pre-K, defined as 70% of total children served, the 50% CCS/50% private expansion results in costs of \$3.1 million annually in operating expenses, based on the increased reimbursement rate. This would also result in a one-time capital expense of \$5.8 million, again based on the cost of pre-K classrooms in Chatham Grove Elementary in today's dollars.

\$3.1 Million

\$3.1 million in annual operating expenses for “universal” pre-K.

\$5.8 Million

One-time capital expense of \$5.8 million for this option.

2

Expanding pre-K to families earning 100% or less of Chatham’s median income.

If pre-K is first expanded to families earning 100% or less of Chatham’s median income, those costs can be deducted from the amount for “universal” pre-K. In other words, the cost of “universal” pre-K includes the cost of expansion to 100% of Chatham’s median income. If those costs are subtracted, the net cost is \$2.3 million in annual operating expenses (plus inflation) and a one-time capital expense of \$4.3 million, again based on the cost of pre-K classrooms in Chatham Grove Elementary in today's dollars.

\$2.3 Million

\$2.3 million in annual operating costs for this option.

\$4.3 Million

One-time capital expense of \$4.3 million for this option.



There is a child care availability crisis.

Building the Moncure childcare center co-located with the community center in Parkers Ridge Park would include two pre-K classrooms serving 40 students.. The cost for this is outlined in the “Childcare Infrastructure” section under “Early Childcare - Birth to 47 Months.”

40

The childcare center would provide space for two pre-K classrooms serving 40 students.

If the Early Childcare Education Fund is developed as described previously in the document, this could also serve to help private centers expand their pre-K programs.



Beyond the Fiscal Analysis

Though not part of the Fiscal Analysis, the ECAP Advisory Committee also recommends modifying the county’s economic development incentives policy to:



Flexible Spending Account

Weight company’s participation in a flexible spending account a minor factor in the policy.



Tri-Share

If Tri-Share is implemented statewide in NC, weight participation as a major factor in the policy.



Fully-Paid & Onsite Childcare

Weight on-site childcare and financial assistance with childcare as a major factor in the policy.





Providers are struggling financially.

The ECAP Advisory Committee recommends increasing pre-K provider reimbursements (including incorporating local funding) to cover the full cost of the program. Several NC counties, including Mecklenburg and Buncombe, have recently provided county funding to supplement state reimbursement rates. The ECAP Advisory committee also recommends inflating 2012 reimbursement rates (2012 was the last substantial increase) to current amounts. The rate of inflation since 2012 has been 32%, according to the Consumer Price Index (CPI), All Urban Consumers, South. Comparing this with the deficit shown for CCS validates this approach.

32%

The rate of inflation since 2012 has been 32%.

The deficit for CCS was calculated at \$102 per student per month. The inflated amount generates an additional monthly reimbursement rate of \$109 per student per month. Private centers would also receive an additional \$73 per student per month.

Providers	2012/2013 Rates	2023/2024 Rates	Proposed 2024/2025 Rates	Difference
Headstart	\$300	\$420	\$420	\$0
Public School	\$473	\$515	\$624	\$109
Private	\$600	\$719	\$792	\$73

The cost for increasing rates is shown below. Note that 2022-2023 enrollment and slots have been adjusted for the opening of Sonflower Seeds pre-K program in 2023-2024.

Providers	2022/2023 Enrollment	Cost Assuming Current Enrollment	2022/2023 Slots	Cost at "Maximization"
Headstart	48	\$0	54	\$0
Public School	129	\$141,074	162	\$177,163
Private	24	\$17,520	27	\$19,710
Total Direct	201	\$158,594	243	\$196,873
Administrative Costs For CCPC		\$15,859		\$19,687
Total Cost		\$174,454		\$216,561



The workforce pipeline is broken.

The ECAP Advisory Committee recommends tying increase monthly reimbursements for private centers to paying teachers and instructional assistants, as recommended by the NCECCC. This would not require a specific level of benefits. At least one pre-K classroom should be included in the compensation pilot described in the “Workforce Pipeline” recommendations under “Early Childcare - Birth to 47 Months”. Cost is also included in this section.



There are barriers to accessing NC Pre-K.

The ECAP Advisory Committee recommends providing funding for after-school care to families meeting the current income threshold. The following cost analysis assumes 100% of families would choose after-school care for their children, which is unlikely; thus, this is a “worst-case” scenario from a cost perspective. The analysis also includes 10% of administrative costs for CCPC to administer this care.

	Slots	Cost
Total at Current Slots/YMCA Rate	243	\$480,460
Administrative Costs		\$48,046
Total Maximization Cost		\$528,506

For expanding the program to 100% of Chatham’s median income (400% FPL used as a proxy), the cost is an additional \$226,129, including 10% administrative costs. For “universal” pre-K (with 70% of students participating), the cost is an additional \$869,316, including 10% administrative costs.

\$226,129

\$226,129 for aftercare if pre-K is expanded to 100% of Chatham’s median income.

\$896,316

\$869,316 for aftercare if pre-K is made “universal”.



OTHER RECOMMENDATIONS

- Designate CCPC as the entity to manage solutions (outside county’s purview, such as administering subsidy) and include costs in model (which is done with each applicable option above).
- Track data, and when recommendations have been implemented and proven successful, consider additional strategies (many examples of data collection are given in the research).
- Provide a single entry portal for applying to county pre-K programs to streamline the process.

OVERALL COST SUMMARY*

AC Priority & Rank	Reccomendations	Capital ¹	Annual Direct Cost	Annual Administration	Annual Direct Cost
1. High	Early Childhood Education Fund, including Y1 Compensation Pilot		\$600,000	\$199,002	\$799,002
2. High	Construct Childcare Center at Parkers Ridge Park ²	\$7,880,630			
3. High	Subsidize NC Pre-K Reimbursement Rates + Afterschool Care ³		\$752,466	\$75,247	\$827,713
4. High	Increase Subsidy Income Threshold to 300% FPL		\$1,590,917	\$99,078	\$1,689,995
5. Medium	Expand Pre-K to 100% Chatham median income +Afterschool Care ⁴	\$1,510,104	\$942,136	\$94,214	\$1,036,350
6. Low	Eliminate Subsidy Waiting List		\$863,028		\$863,028
7. Long Term	Universal Pre-K + Afterschool Care ⁵	\$4,293,633	\$2,961,806	\$63,844	\$3,025,650
	Total		\$7,710,354	\$531,384	\$8,241,737

*These costs are summarized by ECAP Advisory Committee Priority.

¹ No total is given for capital, pre-K expansion cost depending on year it happens and should include escalation.

² Show in 2027 dollars.

³ At “maximization” of existing slots.

⁴ Using 50/50 scenario, capital is in today’s dollars.

⁵ Capital is shown in today’s dollars, cost is net of expansion shown in priority 5.

APPENDIX: BUNCOMBE COUNTY ECEDF

PURPOSE

The purpose of the Early Childhood Education and Development Fund (ECEDF) is to ensure that every child in Buncombe County has an equal opportunity to thrive during their first 2,000 days, including access to quality early childhood education. The Fund was established in response to a well-documented local shortage of quality early childhood education programs, barriers that families face in accessing existing programs, including affordability, and a well-documented shortage of qualified teachers and staff in classrooms and centers.

FUNDING

Grants may be awarded up to the total amount of \$3,896,755, the anticipated budget for the Early Childhood Education and Development Fund for FY 2024 (subject to budget adoption). On October 30, 2018, the Board of Commissioners for Buncombe County voted to create the Early Childhood Education and Development fund for the purpose of annually investing \$3.6 million beginning in the FY 2020 budget with an annual increase of 2% in future years.

\$3,896,755

Grants may be awarded up to \$3,896,755 for FY 2024.

\$3.6 Million

\$3.6 million annually would be invested in the ECEDF beginning in FY 2020.

PRIORITY

Funding is earmarked to support early care and education for children birth through kindergarten. This includes the following categories:

1 Infants/Toddlers

Ages six (6) weeks to three (3) years old.

2 Preschoolers

Ages three (3) to five (5) years old.

3 Pre-Kindergarteners

4 year old rising kindergarteners (4 years old by August 31st).

Emphasis in the fund is given to preschool and pre-kindergarten. This is not associated with “NC Pre-K,” which is a program of the North Carolina Department of Health and Human Services, Division of Child Development and Early Education.

ELIGIBILITY

To be eligible for an Early Childhood Grant, an organization and project must meet the following criteria:

1

Organization

All organization types are eligible to apply. This includes public/governmental agencies as well as private organizations, including nonprofits and private businesses. Organizations must operate in Buncombe County with service to Buncombe County. If an organization does not meet this criteria, it may partner with another organization to serve as fiscal agent for the purposes of administering grant funding.

2

Public Purpose

Projects must meet a public purpose and fall within County authority to fund per NC General Statutes, to be affirmed by review by Buncombe County legal department prior to grant award.

3

Application

Organizations must submit a grant application before the deadline. No late applications will be accepted.





4

Strategies

Funding will be allocated for projects working toward the following strategies:



Increase slots for enrollment.



Increase quality.



Develop and diversify the early childhood workforce.



Support families.



Enhance effectiveness of overall system of early care and education.

5

Funding

There are no restrictions on the amount of funding that can be requested or granted to an organization or project. Multi-year requests will be considered, up to 3 years.

6

Capital

Requests for capital projects will be restricted to the public school systems. Capital outlay projects are defined as planning, construction, reconstruction, enlargement, improvement, repair, or renovation of buildings and for the purchase of land for early childhood care and education purposes.

TIMELINE

December 19, 2022	Grant application opens
January 10, 2023	Grant writing workshop (optional for applicants) 4:00 - 5:00 PM - Virtual meeting (sign-up info below)
February 10, 2023	Applications due by 5:00 PM
February 13 - April 27, 2023	Grant review by committee
April 28, 2023	Committee funding recommendations due to County budget office
May 2023	Committee grant recommendations due to County budget office
June 2023	Public hearing on budget as part of Board of Commissioners regular meeting
June 2023	Grant awards finalized with County budget adoption during Board of Commissioners regular meeting
June 2023 - June 30, 2024	Funding year

APPLICATION PROCESS

Applications are due by 5:00 pm on February 10, 2023. Organizations are encouraged to apply online through Buncombe County’s grant software, which can be accessed at buncombecounty.org/apply or linked through Buncombe County’s grant website at buncombecounty.org/grants. Paper applications are available at and should be returned to 200 College Street, Suite 343, Asheville, NC 28801.

A grant writing workshop (optional for applicants) will be held on January 10, 2023 from 4:00-5:00 pm. This will be a virtual meeting. This purpose of the session is to provide in-depth information about the grant process for applicants and potential applicants. Contact Angelyn.Johnson@buncombecounty.org to register.

Staff is available to answer questions and to provide basic one-on-one support to applicants. Visit <https://calendly.com/buncombe-county/grant-consultations> to sign up for a session. Staff will also work to match applicants with other community-based grant writing resource support if needed.

COMMITTEE CONTACT

Applicants are asked not to communicate with Early Childhood Grants committee members regarding their applications. If the Committee decides to ask follow-up questions of applicants or hold interviews for finalists, applicants will be notified by County staff. Staff do not participate in the grant scoring process.

REQUIRED ELEMENTS

The application consists of a questionnaire including the following items (text boxes are limited to 1,500 characters):

1 Funding Request Amount

2 Budget Narrative

Explain how grant funds will be used, including detail about the specific expenses to be covered by County funds.

3 Budget Narrative (Attachment)

Download a copy of the budget form, complete the form, and upload it. It is important to fully complete the budget form, including: all sources of proposed revenue for the project (committed & pending); all planned expenses for the project (paid for with grant funds & other funds); and 3-year overall organization budget (non-itemized total). Explanatory notes are encouraged.

4 Partial Funding

If the project were to be offered a grant for partial funding, what are your priorities?

5 Multi-Year Funding

If you would like this project to be considered for multi-year funding (up to 3 years), what amounts would you request for years 2 and 3? What milestones would this funding allow you to accomplish? Explain why more than one year is needed to accomplish your goals.

6 Project Name

7

Strategy (Select from List)

8

Organization

Give a brief history of your organization, including date of founding, focus, services and record of success.

9

Needs for the Project

What is the main issue this project is established to address? What data or stories are available to show it?

10

Project Plan

Explain the project and how it will work. Include information about any models used that are supported by evidence or research. What specific activities and milestones are included in the project plan?

11

Slots

For projects requesting funding for slots, also please include the total new early care and education slots created, the total number maintained, the number of NC Pre-K slots maintained, the number of subsidy slots created and maintained, and the number of teachers/staff positions created and maintained.

12

Workforce

For early care and education providers, also please include the total number of teachers/staff employed, as well as the education levels and credentials of staff.

13

People Served

Who will be served by this project? Include how many people and the expected demographic makeup, including race and ethnicity. You may also provide socioeconomic, disability/special needs status, community, etc.

14

Equity

How does your organization define equity? Describe your organization's equity strategy and activities. Explain how equity is reflected in the proposed project.

Equity is one of Buncombe County's values expressed in the strategic plan. Inequities exist across all areas, whether looking at geography, race, gender, age, sexual orientation, disability, and many other traits. Racial equity is a priority because of pronounced racial disparities at a community level. Buncombe County defines equity as the state of being just, impartial and fair. We define racial equity as when race can no longer be used to predict life outcomes, and outcomes for all groups are improved.

15

Collaboration

List any formal or supportive partners. Describe their roles in the project. How will they make it stronger?

16

Sustainability

Describe your plan for sustaining your program. Is there additional information the committee should know about the sustainability of your program in the future?

17

Other (Text and/or Attachment)

Is there anything else that you want the committee to know?

REVIEW COMMITTEE

Early Childhood Grant recommendations are prepared by the Early Childhood Education and Development Committee. The Committee consists of fifteen (15) members which serve two (2) year staggered terms and are appointed by the Buncombe County Board of Commissioners upon application as follows:




Three (3) members of the Buncombe County Board of Commissioners.



One (1) business community or economic development professional.

 One (1) funder or community investment professional.

 One (1) parent.

 One (1) pediatrician or medical professional in service to young children.

 One (1) professor or higher education professional.

 One (1) retiree from the field of early childhood education.

 Six (6) members of the public representing the community at large.

The Committee holds regular meetings on the first (1st) Tuesday of each month. A committee meeting schedule, along with meeting materials and announcements are posted on the Early Childhood Grants website at buncombcounty.org/grants. All meetings are open to the public and include a public comment period at the end of every regular meeting limited to three minutes for any individual or representative addressing the committee.

REVIEW PROCESS

Applications are reviewed by the Early Childhood Committee utilizing a standardized, points-based system. Reviews will be conducted independently by members of the committee, and discussion will occur during regular or special called meetings.

The following criteria will be considered by the Committee:

 Need

Project meets an essential community need and fits with the early childhood focus areas.

 Project Plan

Project includes clear, reasonable actions that are likely to meet the need

 Proposed Results

Project includes quantifiable results and plan for measuring success.



 Capacity

Organization is structured to carry out the project as described.

 Equity

Organization has a demonstrated commitment to equity reflected in the proposed project.

 Budget

Includes a clear, reasonable, and efficient budget matched to the proposed project.

Scoring will be on a scale of 1 to 5 with a maximum total score of 30. Each criterion is weighted equally. See attachment on pg 87 for details on Scoring Criteria. The committee will recommend projects and funding amounts based on project scores as well as balance within the overall portfolio, taking factors into consideration such as geography, project focus areas and categories.

AWARDS

Grant recommendations prepared by the Committee will be submitted for a vote of approval from the Board of Commissioners. The list will be published as part of the County Manager’s recommended budget as presented to the Board of Commissioners at their regularly scheduled meeting in May 2023. Grant awards will be finalized with budget adoption in June 2023.

County Commissioners will not serve on any board or organization seeking funding from County Government unless said service is a requirement through legislation or legal agreement.

PERFORMANCE CONTRACTS

All grant awards will be administered via performance contracts. Contracts will include a scope of work that defines services, deliverables and reporting measures. FY 2024 contracts will be for the period July 1, 2023 through June 30, 2024. All funds must be spent or returned to the County by June 30, 2024. Requests for extensions will be reviewed on a case by case basis.

Contracts will also include standard indemnification and insurance expectations, which lists the minimum insurance coverage which Contractors agree to procure and maintain. Required insurances and levels vary depending on the nature of the project and can include types such as: Worker's Compensation; Commercial General Liability; Employer's Liability; Professional Liability; etc. The County will collect and review certificates of insurance as part of contract compliance. Insurance is an allowable expense and can be built into the grant funding budget.

All grantees will be expected to provide financial transparency information. Per county resolution #19- 11-05, nonprofits receiving grant funds must also:

- 1 Open their books for the contracting department.
- 2 Submit copies of annual IRS tax filings (Form 990s).
- 3 Submit annual financial statements based on a tiered structure.

All annual financial statements submitted must be consistent with industry standard practice:

- 1 Audit

Organizations with annual revenues of \$300,000 or greater must submit financial statements audited in accordance with generally accepted auditing standards.

- 2 Review

Those with revenues between \$100,000 and \$300,000 must submit financial statements reviewed in accordance with applicable Statements on Standards for Accounting and Review Services (SSARS).

Those with revenues of less than \$100,000 must submit non-disclosure financial statements compiled in accordance with applicable SSARS.

Nonprofit agencies may request a waiver to use other third-party provided documents.

Contract performance will be monitored and evaluated by the County throughout the year, including review of financial and programmatic reporting. Performance results will be published online in a funded projects dashboard. Approval of renewal grant funding requests shall be contingent on meeting performance criteria.

MINORITY BUSINESS

Buncombe County's adopted Minority Business Plan encourages participation by minority and women owned businesses. Buncombe County policy is to provide minority contractors an equal opportunity to participate in all aspects of its contracting and procurement programs, and to prohibit any and all discrimination against persons or businesses in pursuit of these opportunities. Minority Business Plan questions may be directed to Buncombe County Procurement at (828) 250-4154. Sources for certified minority firms are available at <http://www.doa.nc.gov/hub>.

LEAD DEPARTMENT/DIVISION

Staffing for this grant program is provided by Buncombe County's Strategic Partnerships Department with support from a cross-departmental team including staff from the Communications and Public Engagement, Health and Human Services, and Strategy and Innovation departments. For more information, contact Strategic Partnerships Director Rachael Nygaard at Rachael.Nygaard@buncombecounty.org or (828) 250-6536.



Proposal Evaluation	Incomplete 1 Point	Insufficient 2 Points	Adequate 3 Points	Good 4 Points	Excellent 5 Points
<p>Need for the Project:</p> <p>Project meets an essential community need and fits with the County's strategic plan focus areas</p>	Little to know info regarding the importance of the project to the community at large, or does not align with the County's focus areas.	Presents limited info about the need and/ or has weak alignment to focus areas.	Presents basic info demonstrating community need and alignment to focus areas.	Presents qualitative and/or quantitative justification for levels of community need, and aligns to one or more focus area.	Presents significant need with a compelling argument and multiple qualitative or quantitative data points that strongly align with the County's strategic plan focus areas.
<p>Project Plan:</p> <p>Project includes clear, reasonable actions that are likely to meet the need</p>	Project explanation is unclear and lacks mention of a specific goal, how the project will work or who will be served	Project is not thoroughly or clearly explained or is missing key information about implementation.	Project structure is clear and is aligned to the goals of the grant funds but may be missing details about models, activities and/or milestones.	Project structure is clear, including model and implementation plans, and is aligned to the goals of the grant funds.	Project is very well designed with specific activities and milestones, based on proven model(s), includes implementation steps, and is well aligned with the goals of the grant funds.
<p>Proposed Results:</p> <p>Project includes quantifiable results and plan for measuring success</p>	Little to no description of results or ways to measure performance of the project.	Description of what will be achieved by the project is unclear and/or lacks explanation about performance measurement.	Proposed results are adequately described, aligned to the goals of the grant and project plan, but more information is needed about performance measurement. (if applicable adequate previous results track record.)	Proposed results are well described, aligned to the goals of the grant and project plan, and there is a clear plan for measuring success. (if applicable, good previous results track record.)	Proposed results are clearly described and likely to have a high impact in alignment with goals of the grant funds, including specific measures and methods for effectively measuring results of the funded project.
<p>Capacity:</p> <p>Organization structured to complete the project as described</p>	Organization does not appear to be structured to complete the project as described.	Organization does not appear to be structured to complete the project as described.	Organization does not appear to be structured to complete the project as described.	Organization demonstrates a good likelihood to succeed with the proposed project, including organizational history and collaborative partnerships to leverage necessary project support.	Organization demonstrates strong ability to realistically manage the scope and scale of proposed project, including organizational history and collaborative partnerships to leverage necessary project support.
<p>Equity:</p> <p>Organization has demonstrated commitment to equity reflected in the proposed project.</p>	Very limited or no explanation of approach to equity or inclusion	Equity definition and/ or strategy is vague.	Provides an organizational definition of equity and strategy that is understandable and reasonable.	Clear organizational definition of equity, and concrete description of how equity strategy is reflected in the proposed project.	Clear organizational definition of equity. Concrete, tangible description of how equity strategy is reflected in proposed project, including examples of activities and accountability measures.
<p>Budget:</p> <p>Includes a clear, reasonable, and efficient budget matched to proposed project</p>	Project budget is incomplete, unrealistic, and/or poorly aligned with the budget narrative.	Budget lacks sufficient detail, is unclear, or includes items that do not seem reasonable.	Budget is complete, clear, realistic, and reasonably aligned with the narrative and project plan, but there are some questions on some items.	Budget form is complete with explanatory notes, clear, reasonable and matched to the community need and project plan.	Budget is complete with explanatory notes, clear, detailed, realistic, comprehensive, efficient and clearly aligned with the narrative and project plan.