



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

June 15, 2020

SENT VIA ELECTRONIC MAIL

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 307B, Legislative Office Building
Raleigh, NC 27603

The Honorable Joyce Krawiec, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2019-87, Section 1 requires the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE), to complete a statewide study of operators of four- and five-star centers who are not currently participating in the North Carolina Prekindergarten (NC Pre-K) program. In addition, DCDEE shall complete a county-by-county study of additional local challenges. DCDEE shall submit a report on its recommendations regarding the challenges, as well as any recommendations for changes to support increased access for children eligible for the NC Pre-K program, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions, please contact Kristi Snuggs, Interim Director for the Division of Child Development and Early Education, at 919-814-6300.

Sincerely,

DocuSigned by:

87A068095B3247F
Mandy Cohen, MD, MPH
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Dave Richard	Kody Kinsley
	Joyce Jones	Jared Simmons	Katherine Restrepo	Marjorie Donaldson	Lisa Wilks
	Theresa Matula	Erin Matteson	reports@ncleg.net	Zack Wortman	Mark Collins
	Susan G. Perry	Jessica Meed	Jane Chiulli	Luke MacDonald	Ben Money

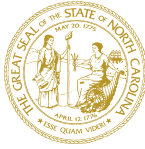
WWW.NCDHHS.GOV

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LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

June 15, 2020

SENT VIA ELECTRONIC MAIL

The Honorable Deanna Ballard, Chair
Joint Legislative Education
Oversight Committee
Room 521, Legislative Office Building
Raleigh, NC 27603

The Honorable Craig Horn, Chair
Joint Legislative Education
Oversight Committee
Room 305, Legislative Office Building
Raleigh, NC 27603

The Honorable Hugh Blackwell, Chair
Joint Legislative Education
Oversight Committee
Room 541, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2019-87, Section 1 requires the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE), to complete a statewide study of operators of four- and five-star centers who are not currently participating in the North Carolina Prekindergarten (NC Pre-K) program. In addition, DCDEE shall complete a county-by-county study of additional local challenges. DCDEE shall submit a report on its recommendations regarding the challenges, as well as any recommendations for changes to support increased access for children eligible for the NC Pre-K program, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

**Statewide Study of the Challenges Child Care Facility
Operators Face in Participating in the North Carolina Pre-
Kindergarten (NC Pre-K) Program**

Session Law 2019-87, Section 1



Report to the

**Joint Legislative Oversight Committee on Health
and Human Services**

Joint Legislative Education Oversight Committee

By

**North Carolina Department of Health and
Human Services**

June 16, 2020

Reporting Requirements

SECTION 1. The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall complete a statewide study of operators of four- and five-star centers who are not currently participating in the North Carolina Prekindergarten (NC Pre-K) program to identify those operators' perception of the challenges associated with becoming an NC Pre-K site. In addition, the Division shall complete a county-by-county study of additional local challenges. Findings from these two studies shall be used to make recommendations to address these challenges, including any recommended changes in the State funding structure, to facilitate achieving the goal of enrolling in the NC Pre-K program at least seventy-five percent (75%) of eligible children in each county. The Division shall submit a report on its recommendations regarding the challenges, as well as any recommendations for changes to support increased access for children eligible for the NC Pre-K program, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee by February 1, 2020.

Introduction

Children's earliest experiences shape their brain's architecture and create the foundation for healthy development and future learning. High-quality early learning environments support children in meeting critical developmental milestones, and children who attend high-quality early education programs are better prepared for success in school— academically, socially and emotionally.

North Carolina is recognized as an early learning pioneer, creating the nation's first early childhood system, Smart Start, and launching its high-quality, publicly-funded prekindergarten program, NC Pre-K, in 2001, targeted primarily at children in low-income families. Today, NC Pre-K reaches less than half of eligible children, which is why increasing access is a one of the ten goals of the North Carolina Early Childhood Action Plan. This plan was released by NCDHHS in February 2019 following Governor Roy Cooper's Executive Order No. 49.¹

Limited access to NC Pre-K means fewer children are benefitting from its lasting impact. More than 15 years of longitudinal research, including studies at the Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill (FPG),² and Duke University, have found that NC Pre-K has demonstrated significant positive outcomes for children in key domains of learning for later school success, including language development and communication; cognitive development; and social and emotional development. Ongoing research by Duke University found that access to Smart Start and NC Pre-K significantly reduced the likelihood that children will be placed in special education through eighth grade, increased third reading and math scores, and decreased retention in the same grade.³ A recent report by the National Institute for Early Education Research (NIEER) found that "the NC Pre-K program has consistently embraced high standards, a strong record of quality, and extensive evidence of effectiveness."⁴

While the results of the program's impact are well-documented, the NIEER report found that in addition to funding for more slots, a variety of challenges related to financing, infrastructure, and other local factors prevent more children from attending. The North Carolina General Assembly, under Session Law 2019-87, directed the North Carolina Department of Health and Human Services (NCDHHS) Division of Child Development and Early Education (DCDEE) to conduct a study to learn more about why some four- and five-star child care providers serving four year olds are not currently NC Pre-K sites, provide an analysis of additional local challenges to both expansion and maintenance of the program, and outline recommendations to address those challenges. Session Law 2019-87/ House Bill 886 further identified the goal of enrollment of 75 percent of NC Pre-K eligible children in every NC county. DCDEE contracted with FPG to conduct research related to these topics.

¹ NCDHHS.gov. (2020). NCDHHS: Early Childhood Action Plan. [online] Available at: <https://www.ncdhhs.gov/about/departments-initiatives/early-childhood/early-childhood-action-plan> [Accessed 1 Feb. 2020].

² University of North Carolina at Chapel Hill, Frank Porter Graham Child Development Institute. (2020). Evaluation of the NC Pre-Kindergarten Program. [online] Available at: <https://fpg.unc.edu/node/3897> [Accessed 3 Jun. 2020].

³ Center for Child & Family Policy. (2019). Benefits of Pre-K do not fade with age - Center for Child & Family Policy | Duke University. [online] Available at: <https://childandfamilypolicy.duke.edu/2019/01/benefits-of-pre-k-do-not-fade-with-age/> [Accessed 1 Feb. 2020].

⁴ Barnett, W. and Kasmin, R. (2019). Barriers to Expansion of NC Pre-K: Problems and Potential Solutions. [online] NIEER. Available at: http://nieer.org/wp-content/uploads/2019/01/NIEER_North_Carolina_2019.pdf [Accessed 1 Feb. 2020].

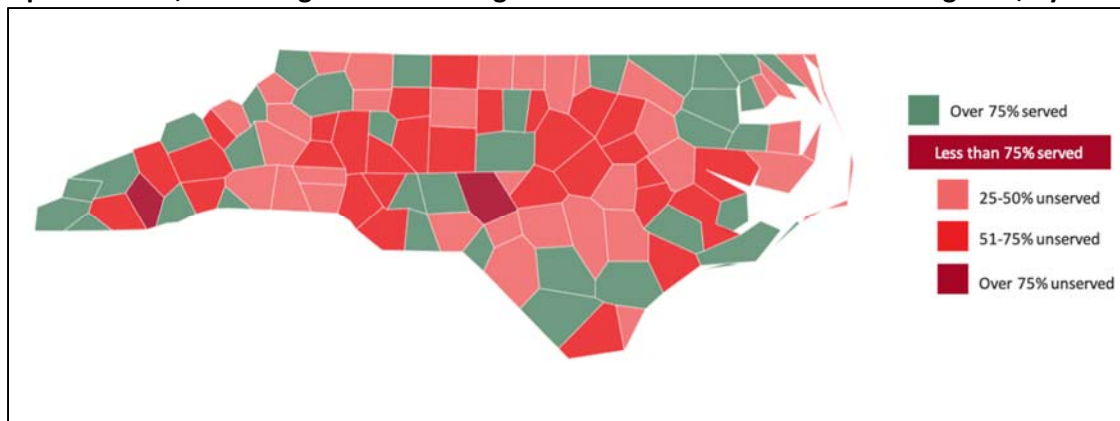
Background

Eligibility

NC Pre-K is designed to provide high-quality educational experiences for eligible four year olds to enhance school readiness. A child is eligible for the program if he or she turns four years of age by August 31st of that program year and is from a family whose gross income is at or below 75% of the State Median Income (SMI). Children of certain military families are also eligible without regard to income. In addition, up to 20% of age-eligible children enrolled may have family incomes in excess of 75% SMI if they have documented risk factors in specific categories including developmental disability, limited English proficiency, educational need, or a chronic health condition.⁵ According to the most recent data available from the American Communities Survey, there are an estimated number of 61,319 four year-olds across North Carolina who meet the income eligibility of NC Pre-K.^{6,7}

In FY 19-20, there were 31,059 children served in 2,163 NC Pre-K classrooms, representing 51 percent of eligible children across the state. Since the program's inception in 2001, 400,000 children have been served across the state.⁸ However, looking county-by-county at the percentage of eligible children being served tells a different story: there are significant discrepancies between counties in income-eligible children remain unserved. (See Graphic A.)

Graphic A: 2019, Percentage of Income-Eligible Children Served in NC Pre-K Programs, by County



Data Provided by the NCDHHS, Division of Child Development and Early Education

⁵ Study Costs and Effectiveness Associated with NC Pre-K Slots, Session Law 2016-94, Section 12B.4, amended by Measurability Assessments/Budget Technical Corrections, Session Law 2016-123, Section 5.4; Report to the House Appropriations Committee on Health and Human Services and Senate Appropriations Committee on Health and Human Services and Fiscal Research Division, February 1, 2017

⁶ Factfinder.census.gov. (2020). American FactFinder - Download Center. [online] Available at: https://factfinder.census.gov/faces/nav/jsf/pages/download_center.xhtml#none [Accessed 1 Feb. 2020].

⁷ July 1, 2019 County Total - Single Year Ages (2019). [online] Available at: https://files.nc.gov/ncosbm/demog/countytotals_singleage_2019.html [Accessed 1 Feb. 2020].

⁸ Study Costs and Effectiveness Associated with NC Pre-K Slots, Session Law 2016-94, Section 12B.4, amended by Measurability Assessments/Budget Technical Corrections, Session Law 2016-123, Section 5.4; Report to the House Appropriations Committee on Health and Human Services and Senate Appropriations Committee on Health and Human Services and Fiscal Research Division, February 1, 2017

Years of research confirm that the higher the percentage of participation in NC Pre-K that a county achieves, the stronger the positive outcomes, including increased reading and math proficiency and reduced placements in special education and grade retention.⁹ Increasing NC Pre-K enrollment in counties across North Carolina could significantly impact learning outcomes for students across the state.

NC Pre-K Structure and Standards:

At the state level, DCDEE administers the NC Pre-K program, coordinating service delivery of NC Pre-K through 91 contract agencies (a mix of local Smart Start partnerships and Local Education Agencies), representing all 100 NC counties, who are in turn responsible for recruiting and placing eligible children, subcontracting with local child care programs or schools with a classroom or classrooms that meet the NC Pre-K program requirements, monitoring classroom compliance with NC Pre-K standards, and fiscal oversight. The contracting agency convenes an NC Pre-K Advisory Committee that develops operational policies and procedures and ensures collaboration and shared responsibility for developing and implementing local plans to deliver services. The local committees are represented by a mix of local school boards and systems, local Smart Start partnerships, licensed child care providers, Head Start, local departments of social services, parents of preschool-age children, county cooperative extension agencies, and child care resource and referral agencies.

NC Pre-K classrooms are located in three types of settings: public elementary schools, federally-funded and administered Head Start programs, and private child care centers, both for-profit and non-profit. Forty-eight percent of children are served through public schools, 14% through Head Start programs, and 38% percent through private child care centers. However, some counties serve children almost exclusively using public schools, while others primarily use private centers. Where the classrooms are located contributes to challenges counties face to expand and maintain their NC Pre-K programs.

Eligible children receive the same high-quality educational experiences in a pre-kindergarten setting, whether within public schools, Head Start programs, and private for-profit and non-profit child care centers. Each site that houses NC Pre-K slots must also go through a qualification process, meet North Carolina child care regulatory standards, and maintain a child care licensed star rating¹⁰ of four or five stars. In addition, NC Pre-K standards require that:

- Instruction is provided for 10 months (36 weeks) a year with a 6.5 hours per day, not including transportation time.
- Class size does not exceed 18 children per class, with one lead teacher and one assistant teacher, or a 1 to 9 staff-to-child ratio.
- Lead teachers in NC Pre-K classrooms hold or be working toward a North Carolina Birth-through-Kindergarten Continuing License or Preschool Add-on Continuing License issued by the State Board of Education.

⁹ Center for Child & Family Policy. (2019). Benefits of Pre-K do not fade with age - Center for Child & Family Policy | Duke University. [online] Available at: <https://childandfamilypolicy.duke.edu/2019/01/benefits-of-pre-k-do-not-fade-with-age/> [Accessed 1 Feb. 2020].

¹⁰ Child Care licensing in North Carolina is based on a 1 through 5 Star rated licensing system. Facilities which meet the minimum requirements are given a Star rating of 1. Facilities that receive a Star rated license of 4 or 5 have voluntarily exceeded the minimum licensing requirements and are considered to be of higher quality.

- Teacher assistants hold a minimum of a GED, must be working toward or hold an Associate Degree in early childhood education/child development, or must have a Child Development Associate (CDA) credential.
- Children receive health assessments and developmental screenings.
- Staff complete formative assessments of children's growth and development.
- Programs engage in family engagement activities and a documented transition to kindergarten plan.

Classrooms serving children with disabilities may have a lower than 1 to 9 staff-to-child ratio. NC Pre-K must provide breakfast or a snack along with lunch that meets USDA requirements. Parents or guardians cannot be charged for the cost of a NC Pre-K slot but can be charged for child care services before or after the instructional day has begun or ended and during the holidays and summer months. Classroom activities must align with state-established early learning standards and an approved curriculum.

Funding

Reimbursement rates per child vary depending on the type of program (Head Start, child care program, or public school, and the location). The average annual slot rate paid per child in 2018-19 was \$5,634. State funding does not cover the full cost of NC Pre-K. A 2017 study directed by the General Assembly, *Study Costs and Effectiveness Associated with NC Pre-K Slots*,¹¹ determined the real cost of program coordination to be approximately 10 percent of a county's state Pre-K allocation (compared to the 6 percent currently being funded), and the real cost for a NC Pre-K slot on average to be \$9,126, with state funding covering 61 percent of that cost. The following types of additional funds are being used currently to cover the full cost of NC Pre-K: Smart Start, federal Head Start, Title I, and local funds (city or county appropriations.)

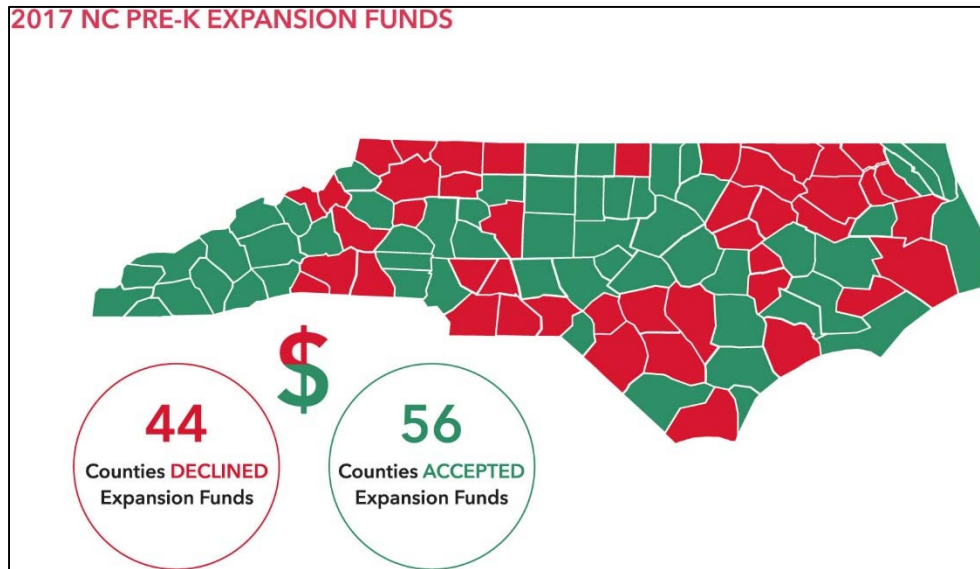
Growing Inequities in Access to NC Pre-K

While the total number of children served has increased over the past three years, with NC Pre-K serving 51% percent of eligible children in 2019-20, a growing number of counties are declining to request additional NC Pre-K slots, despite having thousands of eligible children who are not being served. More specifically:

- In 2017, 44 out of 100 counties declined expansion funding, despite more than 9,000 children living in those counties who were eligible for NC Pre-K but were not served. (See Graphic B.)

¹¹ Study Costs and Effectiveness Associated with NC Pre-K Slots, Session Law 2016-94, Section 12B.4, amended by Measurability Assessments/Budget Technical Corrections, Session Law 2016-123, Section 5.4; Report to the House Appropriations Committee on Health and Human Services and Senate Appropriations Committee on Health and Human Services and Fiscal Research Division, February 1, 2017

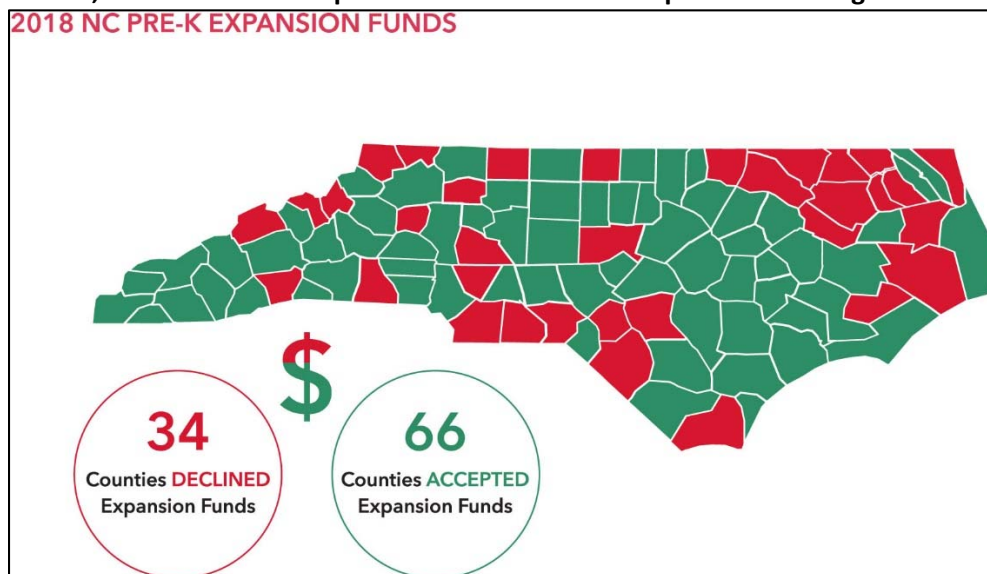
Graphic B: 2017, Counties that Accepted or Denied NC Pre-K Expansion Funding for Additional Slots



© 2018 National Institute for Early Education Research. Graphic reproduced with permission.

- In 2018, 34 out of 100 counties declined expansion funding, even though almost 6,000 children were eligible in those counties for NC Pre-K but were not served. (See Graphic C.)

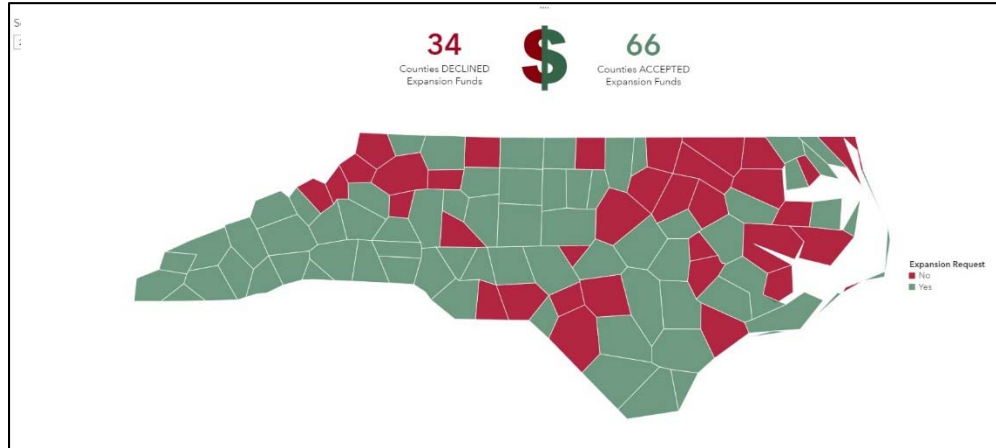
Graphic C: 2018, Counties that Accepted or Denied NC Pre-K Expansion Funding for Additional Slots



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- In 2019, again, 34 counties, though some different from the previous year, declined expansion funding, including Wake County. (See Graphic D.)

Graphic D: 2019, Counties that Accepted or Denied NC Pre-K Expansion Funding for Additional Slots

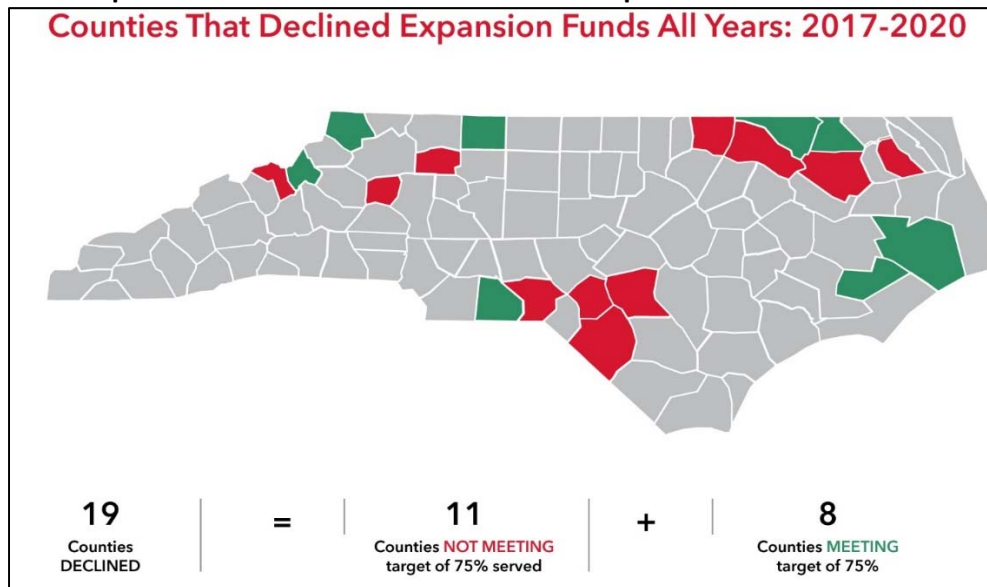


Data Provided by the NCDHHS, Division of Child Development and Early Education

- During the last three years during which expansion funds were made available, 19 counties declined any expansion funding. Of those 19 counties, only eight counties are serving more than 75% of all eligible children. (See Graphic E.)

Graphic E: Counties that Declined NC Pre-K Expansion Funds Since 2017

Counties That Declined Expansion Funds All Years: 2017-2020



Data Provided by the NCDHHS, Division of Child Development and Early Education

Moreover, larger percentages, and therefore numbers, of eligible children not being served live in urban areas. (See Graphic F.) At the same time, however, rural counties have a large variation of children who are eligible but are not being served, when compared to urban/suburban counties. Some

of the challenges counties are facing to maintain and expand their programs as detailed in the survey results below.

According to a recent NIEER report, most counties that declined new NC Pre-K slots reported that funding for both program coordination and slots were the primary reasons.¹² Additional challenges were further identified that closely match those identified in the most recent study described in the following section.

Study on Challenges to Becoming an NC Pre-K Site, Barriers to Enrolling More Eligible Children, and Local Challenges to Maintaining the Program¹³

Background and Methods

In order to understand perceived potential barriers to increased enrollment, the NC General Assembly, under Session Law 2019-87, House Bill 886 (July 8, 2019) ordered a statewide study of the challenges associated with becoming a NC Pre-K site, along with a study of local challenges.

To address this legislative mandate, the FPG NC Pre-K Evaluation research team surveyed all current NC Pre-K contract administrators and providers and all current non-NC Pre-K Providers of licensed four- and five-star centers, providing them with a checklist survey with a fixed set of options to choose from, as well as opportunities to fill in “Other” for additional perspectives. FPG’s research analyzed survey responses to explore perceived challenges to expanding or maintaining current NC Pre-K programs, or becoming a new NC Pre-K program. The survey participants included three groups: all NC Pre-K contract administrators, all NC Pre-K providers, and all non-NC Pre-K providers of other four- and five-star centers. Survey participants included 82 NC Pre-K contractors, 562 NC Pre-K providers, and 400 non-NC Pre-K providers providing care in four- and five-star centers.

Surveys were distributed to participants electronically via email. They received a brief letter explaining the purpose of the study from the research team, with a unique link to the survey. In addition, information about the survey was shared by DCDEE representatives at various meetings with participant groups to encourage participation. Surveys were distributed over a two-week period, with three periodic reminder emails sent to participants who had not yet completed their survey. Survey responses were obtained from 90% (82) of the NC Pre-K Contractors, 55% (562) of the NC Pre-K Providers, and 29% (400) of the non-NC Pre-K Providers.

Study Findings

Barriers to becoming an NC Pre-K Site, and to expanding capacity of current NC Pre-K Sites

Four- and five-star child care programs that do not currently provide NC Pre-K classrooms identified the following range of challenges to participating in NC Pre-K:

- Inadequate reimbursement rates to support the higher standards required by NC Pre-K and provide compensation parity with NC Pre-K teachers in public school settings;
- Shortage of qualified teachers;
- Lack of transportation challenges for children;

¹² Barnett, W. and Kasmin, R. (2019). Barriers to Expansion of NC Pre-K: Problems and Potential Solutions. [online] NIEER. Available at: http://nieer.org/wp-content/uploads/2019/01/NIEER_North_Carolina_2019.pdf [Accessed 1 Feb. 2020].

¹³ Peisner-Feinberg, E. & Burchinal, M. (2019). Opportunities and Challenges for Expanding and Becoming an NC Pre-K Program. Chapel Hill, NC: The University of North Carolina, FPG Child Development Institute.

- Insufficient space for additional classrooms; and
- Administrative requirements, such as initial paperwork, might be challenging to manage.

Among current NC Pre-K providers, the most frequently cited challenges related to maintaining and adding NC Pre-K classrooms included:

- Inadequate reimbursement rates to recoup the actual cost to provide the program;
- Challenges in hiring, retaining and providing adequate compensation for qualified teachers, which is compounded by lower compensation in private settings versus public school settings;
- Increasing operating costs without adjustments to the reimbursement rate for inflation;
- Transportation for children is not provided, which impacts reliable attendance and remains an ongoing challenge;
- Inadequate resources to identify additional eligible children in the provider's community; and
- Insufficient space for additional classrooms.

County-by-County Analysis

Because of the small number of respondents within most counties, FPG determined that survey results could not be further analyzed by county. They noted that “given these small sample sizes, this information may not provide a full representation of the population challenges at the county or contract level, and therefore, conclusions could not be drawn at the county level.”¹⁴ They did, however, highlight commonly cited challenges across counties. For example, providers (currently delivering NC Pre-K and non-NC Pre-K providers) in more than half the counties identified challenges related to funding, such as rising operating costs, inadequate reimbursement rates, and staffing issues, such as the inability to recruit and provide adequate compensation for qualified teachers.

¹⁴ Peisner-Feinberg, E. & Burchinal, M. (2019). Opportunities and Challenges for Expanding and Becoming an NC Pre-K Program. Chapel Hill, NC: The University of North Carolina, FPG Child Development Institute.

Recommendations for Expanding Access to NC Pre-K for Eligible Children

1. **Increase capacity for programs to provide NC Pre-K and families to participate by:**
 - a. **Increasing incrementally the state reimbursement rate for NC Pre-K slots to pay for the actual cost per child by 2028;**
 - b. **Increasing support for monitoring, oversight and technical assistance from four percent to 10 percent;**
 - c. **Expanding NC Pre-K to 12 months;**
 - d. **Increasing incrementally the number of children served with a goal of serving 75 percent of eligible four year olds by 2028.**

The findings outlined in this report reinforce those in an earlier 2017 study directed by the General Assembly.¹⁵ To ensure more children benefit from NC Pre-K, expansion efforts must go beyond funding additional slots at the current rate and address local capacity challenges and barriers programs and families face to participation.

The 2017 study found that state funding covers on average 61 percent of the actual per child cost to provide NC Pre-K (\$5,634 per slot for 6.5 hours per day as opposed to the actual cost of \$9,126), requiring local programs to identify other sources of funds to cover the full cost of the program. While insufficient funding places a burden on all programs, it is a greater hardship in low-resourced and rural communities. As a result, a growing number of counties are declining additional NC Pre-K slots, despite having eligible children who are unserved.

In addition, NC Pre-K is administered locally by Smart Start Local Partnerships, Local Education Agencies, or in a few instances, nonprofit organizations. Funding for these agencies to provide oversight, monitoring and technical assistance, including outreach to families and eligibility determination, is capped at four percent, significantly below the actual cost to oversee the program. Providing additional funding for program coordination will allow agencies to overcome barriers identified in the survey by supporting additional teacher recruitment and retention activities and more outreach and enrollment efforts to reach eligible children.

This insufficient funding is further compounded by the fact that NC Pre-K is a 10-month program and reimbursed as such, yet administrative responsibilities are year-round. The 2017 study recommended that the state increase the administrative rate to 10 percent to ensure that eligible children are reached and the quality standards for NC Pre-K are maintained.

Expanding NC Pre-K to a 12 month program would enhance children's educational progress, prevent summer learning loss, and address barriers to participation faced by families, such as the need to work or go to school.

2. **Ensure that federal funds dedicated for child care are fully used to support child care subsidies for eligible working families.** In 2018, Congress doubled over two years funding for the Child Care and Development Block Grant (CCDBG), the largest increase in the grant's history. CCDBG helps low-income working families afford high quality care and improves the quality of care for all children. Of the more than \$70 million that North Carolina received, approximately \$50 million was used to replace existing appropriations, thereby missing the opportunity to provide thousands of additional children with high quality early learning experiences essential to healthy child development. There

¹⁵ Study Costs and Effectiveness Associated with NC Pre-K Slots, Session Law 2016-94, Section 12B.4, amended by Measurability Assessments/Budget Technical Corrections, Session Law 2016-123, Section 5.4; Report to the House Appropriations Committee on Health and Human Services and Senate Appropriations Committee on Health and Human Services and Fiscal Research Division, February 1, 2017

are currently more than 38,000 children on the waiting list for child care subsidies. In addition, child care subsidy plays an important role in NC Pre-K, supporting families in being able to access the program. Subsidy pays for wraparound services such as care beyond the 6.5 hour NC Pre-K day and during the summer.

3. **Fund NCHDSS to conduct a cost feasibility study of providing an alternative classroom-based funding model for NC Pre-K and make recommendations to the General Assembly by April 15, 2021.** Funding NC Pre-K by classroom rather than by child may address barriers identified by counties by more adequately funding classrooms that serve a smaller number of students, especially in rural communities. In addition, it may allow more children to benefit from NC Pre-K.
4. **Establish an Early Educator Fund to address pay parity for NC Pre-K teachers working in private child care centers and build an early childhood teacher pipeline.** All teachers who work in NC Pre-K classrooms must have at least a bachelor's degree and Birth-to-Kindergarten teaching license. However, NC Pre-K teachers who work in public school classrooms are paid according to the state teacher salary schedule and receive the same benefits as K-12 teachers such as health insurance, retirement, and paid time off. NC Pre-K teachers in private child care settings earn substantially less, often without benefits. Based on the latest statewide early childhood workforce study data, the median starting salary for an NC Pre-K teacher in a private child care setting was \$10.25 per hour compared to nearly \$18.00 per hour plus benefits for an NC Pre-K teacher in a public school classroom.¹⁶ This compensation differential makes it difficult for child care centers to recruit and retain highly qualified teachers, leading to higher turnover rates in child care. The state should build on the success of programs like Child Care WAGE\$ and establish an Early Educator Fund to provide education-based salary supplements.
5. **Fund NCDHHS to study and make recommendations for an improved data collection process to identify children eligible for NC Pre-K in each county and report to the General Assembly by April 15, 2021.** The first recommendation in NIEER's 2019 report highlights the need to better identify children and families in need.¹⁷ In December 2019, WestEd released a report entitled "Sound Basic Education for All: An Action Plan for North Carolina." In this report WestEd shared a similar recommendation that the state and local communities should modernize their approach to identifying at-risk families who may qualify for early education programs, such as NC Pre-K. The report noted that "[b]uilding a data system that allows the state to disaggregate and report data by county and by communities within counties, by poverty level, will be critical to assess whether all at-risk students have equitable access to Pre-K."^{18,19} Data provided in the state's assessment of need will further support analysis on costs associated with meeting gaps in service.

¹⁶ Working in Early Care and Education in North Carolina. (2015). 2015 Workforce Study. [Online] Child Care Services Association. Available at: <https://www.childcareservices.org/wp-content/uploads/2017/11/2015-Workforce-Report-FNL.pdf> [Accessed 1 Feb. 2020].

¹⁷ Barnett, W. and Kasmin, R. (2019). Barriers to Expansion of NC Pre-K: Problems and Potential Solutions. [Online] NIEER. Available at: http://nieer.org/wp-content/uploads/2019/01/NIEER_North_Carolina_2019.pdf [Accessed 1 Feb. 2020].

¹⁸ WestEd, Learning Policy Institute, & Friday Institute for Educational Innovation at North Carolina State University (2019). Sound Basic Education for All: An Action Plan for North Carolina. San Francisco, CA: WestEd.

¹⁹ Oakes, J., Cookson, P., Levin, S., Carver-Thomas, D., Frelow, F., Berry, B., Yang, M., George, J., Brooks, J., & Guin, S. (2019). Providing an equal opportunity for a sound basic education in north carolina's high-poverty schools: Assessing needs and opportunities. Palo Alto, CA: Learning Policy Institute.

Conclusion

The results of this most recent study reinforce prior reports and recommendations that North Carolina needs to dedicate more state funding to support program infrastructure and the actual cost of providing an NC Pre-K slot in order to expand access to eligible children. Moreover, the current funding structure does not include costs to support program transportation for children or pay parity for teachers with teaching credentials in private settings, or other start-up/infrastructure development costs, such as facility and classroom funding, or building a pipeline of qualified teachers.

Furthermore, given the recent developments in the *Leandro* court case,²⁰ there is increased attention and urgency to planning comprehensive, statewide reforms to the funding and structures in North Carolina's early education system.

Finally, given that an estimated 32,000 eligible children each year are still not able to benefit from NC Pre-K participation, and more than 16 years of research studies of NC Pre-K program found that it has demonstrated positive, lasting outcomes for children in key domains of learning for later school success, including language development and communication; cognitive development; and social and emotional development – it is time for the state to commit to a plan of action that scales up NC Pre-K in a manner that sustains the high-quality standards and makes the program equally accessible across the state.

²⁰ Hui, T. (2020). Judge says NC is leaving 'too many' students behind, orders state leaders to act. Raleigh News and Observer. [online] Available at: <https://www.newsobserver.com/news/local/education/article239490688.html> [Accessed 1 Feb. 2020].