

Toward a More Equitable Funding Formula for North Carolina Pre-K: An Examination of Successes, Challenges, Local Funding Strategies, and Administrative Costs

Report Brief – May 2024



Laura Wallace, Susan Muenchow, Maya Escueta, Katie Korwan, Karen Manship, and Amanda Danks

The North Carolina Division of Child Development and Early Education (DCDEE) contracted the American Institutes for Research® (AIR®) to help the state move toward a more equitable and adequate funding formula for North Carolina Prekindergarten (NC Pre-K). The NC Pre-K Program provides free Pre-K to 4-year-old children from families with incomes up to 75% of the state median income (SMI). The program also allows up to 20% of the slots to be given to children from families with incomes above 75% of the SMI if those children have other identified risk factors.

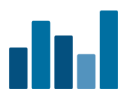
Data and Methods

A key feature of the NC Pre-K Program is the requirement to blend and braid additional funding sources at the county level. Each contracting agency at the county level makes its own decision about blending and braiding funds. **As a result, the full funding amount for NC Pre-K varies based on the contracting agency and the county.**

Research questions included the following:

- What challenges did stakeholders identify in the current NC Pre-K funding formula?
- What can we learn from other states about how to fund a state preschool program efficiently and equitably?
- What can we learn from contracting agencies' recent experiences with NC Pre-K about how to fund the program more adequately and equitably?
- How do NC Pre-K contracting agencies access other funding sources to cover the full cost of providing NC Pre-K? On what funding sources do they draw?
- What is the true cost of administering NC Pre-K at the county level?

This study provided DCDEE with information that can inform a more equitable funding allocation formula to support the full NC Pre-K system.



This study highlighted which state, federal, local, and private funding sources local NC Pre-K contracting agencies were drawing on to support NC Pre-K programs.



The study identified several sources of perceived inequities in the current formula.



The study found that true administrative costs ranged from 4% to 29% of total program allocations to a county.



The study shared the successes and challenges of other universal and targeted statewide preschool programs.

Data Collection and Sample

Data for this project came from several sources, including the following:

- Interviews with state and local NC Pre-K administrators
- Interviews with Pre-K administrators in other states
- Surveys of all NC Pre-K contracting agencies regarding funding sources (54% response rate)
- Surveys of a subsample (11) of contracting agencies to understand administrative costs



Summary and Implications

- This study provided DCDEE with specific information about the funding sources local NC Pre-K contracting agencies were drawing on to support the program, given that the state allotment is not designed to cover the full costs.
- This study was the first study to investigate the true administrative cost of NC Pre-K at the county level and provided DCDEE with critical information.
- Understanding the NC landscape of county funding sources is a critical first step to allow the state to develop a more equitable funding formula.

Want to learn more and keep up-to-date with our work?
Sign up here!

SCAN ME

