



NC BANKERS

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Letter to the Editor from North Carolina Bankers Association Chairman David Stevens

RALEIGH, N.C. – As a banker, I am always on the lookout for how we can help our clients and communities to achieve financial confidence.

One of the best ways to build confidence for North Carolinians? Increasing enrollment in NC Pre-K, our high-quality program for four-year-olds, to 75 percent of eligible children in every county by using state funding as effectively as possible.

The North Carolina Bankers Association (NCBA), which I have the privilege of chairing, fully supports expansion of NC Pre-K because undeniable evidence confirms this program lays the foundations for success in school – including the important education milestone of third-grade reading proficiency.

Why focus on this issue?

When students reach this milestone, they are much more likely to graduate from high school and go on to postsecondary training and education – becoming much needed, productive participants in our state’s talent pipeline. Conversely, students who do not meet this milestone are four times more likely to drop out of school.

Unfortunately, today, more than 60 percent of North Carolina fourth graders are not reading proficiently. This situation must change if we are to have a talent pipeline that will fuel our state’s economy.

NC Pre-K, which targets low-income families, plays a crucial role in building the foundations for that pipeline. Children who participate in this program are significantly more proficient in reading and math,

and have a much lower chance of being held back a grade or being placed in special education classrooms.

And we have clear evidence that NC Pre-K's positive outcomes last. Duke University has been rigorously studying NC Pre-K for more than 15 years, following over 1.3 million North Carolina children. Duke's latest research, released in January, demonstrates these positive benefits from participation in NC Pre-K last through at least the 8th grade. That extraordinary finding fully supports the state's continued – and expanded – investment in this program.

But the return on investment gets even better. Duke also studied the savings North Carolina realizes because participation in NC Pre-K reduces the number of NC children placed in special education classes by 32 percent. That reduction represents a savings of \$358 per student enrolled in the third grade each year across our state. Duke estimates that, four years after an initial investment in NC Pre-K, reduced placements in special education classes will result in a net savings to North Carolina in the tens of millions of dollars. This is an investment worth making!

So how can we expand NC Pre-K to enroll more eligible children? A new report from the National Institute for Early Education Research (NIEER) gives us guidance. NIEER found that, although the state has been increasing funding for NC Pre-K since 2017, many counties struggle to expand. Some counties have even declined new expansion dollars. Why? In large part because of the way funding for NC Pre-K is structured.

For each NC Pre-K "slot," the state funds only 60 percent of the cost. Counties must cover the remaining 40 percent—something that is increasingly difficult for counties to do. NIEER also determined that many counties struggle to retain and recruit high-quality teachers, cover transportation costs, and find classroom space. We can address these challenges by modifying how the state structures its funding for NC Pre-K.

Legislation just introduced in the General Assembly – HB886 – seeks to meet the goal of increasing enrollment in NC Pre-K to 75 percent of eligible children in every North Carolina county. To accomplish this goal, the legislation directs a county-by-county study of challenges to expanding the program. Those findings will then inform how state funding can be restructured to expressly address the challenges counties face.

For example, funding could be targeted to help existing childcare centers meet the quality requirements to become licensed as NC Pre-K; the state's "slot" rate could be adjusted for inflation – which has not occurred since 2012; and funding could be intentionally targeted for underserved areas and populations of children.

North Carolina bankers strongly support this legislation. Today, NC Pre-K is only serving 47 percent of eligible North Carolina children. That means that almost 33,000 eligible children could, but are unable to, participate in a program with proven positive results. That is too many children to risk leaving behind.

Good investments make good sense. Restructuring our state funding for NC Pre-K to enroll more of the children the program was designed to serve is one of those "good investments," and one that we should all support.

David Stevens is the Mid-South Division President for SunTrust Bank.

The North Carolina Bankers Association brings together all categories of banking institutions that best represent the interests of our rapidly changing state. The state's banks have provided support to their communities since 1864. Look for a current listing at www.ncba.com.

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