

## **Executive Summary**

### **Client**

El Centro Hispano (ECH) is a 501 (c) (3) based in Durham, NC that works to strengthen the Latino community and improving the quality of life of Latinos in Durham and surrounding areas. ECH is the largest grassroots Latino organization in North Carolina and implements programs and services in four main areas including support services, education, health, and community organizing.

### **Policy Question**

What funding model should ECH use to establish a Pre-Kindergarten (Pre-K) Center for non-native English speaking Latinos (Latino Dual Language Learners, LDLLs) in Durham?

### **Problem Summary**

The face of our nation is changing, quickly. Latinos are the fastest growing minority nationwide and in North Carolina. In fact, right here in Durham one out of every four babies born is Latino. Many of these babies' parents are non-native English speakers and will face a unique set of challenges growing up in North Carolina, including learning two languages at the same time. Effective Pre-K education as well as English proficiency have been proven to help non-native English speaking Latinos (Latino Dual Language Learners, LDLLs) be better prepared for Kindergarten and beyond. Sadly, many LDLLs from birth to age five in North Carolina have difficulty accessing quality Pre-K services as private centers are costly and public programs suffer from inconsistent funding and insufficient capacity – evinced by long waiting lists. Without access to quality Pre-K, Latinos in Durham (and across the country) will almost certainly be at a disadvantage in Kindergarten and beyond compared to their peers.

ECH has a great opportunity to address an important need in the Latino community by establishing a Pre-K Center for LDLLs in Durham. However, ECH

currently implements a variety of programs and activities and does not have a lot of available resources to allocate to this project. To address the resource challenge, this report identifies and analyzes innovative Pre-K funding models and recommends a funding model for ECH that best meets its criteria.

### **Innovative Funding Models**

This report highlights three Pre-K programs that are being funded through the following funding models:

- *Public-Private Partnership (PPP)*: Governments across the country are teaming up with companies, foundations, NGOs and others to bring increased resources and knowledge to bear on Pre-K education. Centro Nia in Washington D.C. is an example of a PPP for Pre-K.
- *Social Impact Bond (SIB)*: An SIB is the main funding mechanism for “Pay for Success” programs where government determines the outcome, timeline and payment level for a social project, and pays only if the desired outcome is achieved. A private investor (usually a company or philanthropist) provides the working capital for the project and is paid back (with interest) only if the desired outcome is achieved. The Early Education Program in Salt Lake City, UT is an example of SIB for Pre-K.
- *Parent Cooperative*: Although there are several variations of Pre-K parent cooperatives, they are usually comprised of a group of families with similar values that hire someone to teach their children. Parents are usually responsible for managing the cooperative, financing it, cleaning it and doing whatever else is necessary to keep costs low and quality high. An example of a parent cooperative is Hilltop Nursery School in Los Angeles, CA

### **Criteria to Evaluate Recommendation**

- Keep costs low for ECH
- Keep costs low for participating children
- Make financing sustainable

- Successfully prepare participating children for Kindergarten and beyond

### **Recommendation**

ECH should establish a Pre-K Center using a parent cooperative funding model similar to Hilltop Nursery School. Given that the school does not receive outside funding, there is a built-in incentive to keep operation and implementation costs low. If ECH is willing to enroll higher income LDLLs or non-LDLLs, it can use a sliding payment that would allow low-income families to pay nothing (or next to nothing) – keeping costs low for ECH’s target population. The model is also entirely self-sustainable, allaying any fear that ECH has of public funding running out and resulting in a discontinuation of programming. Although it is unclear if the funding model successfully prepares children for Kindergarten and beyond, it allows families to play an important role in determining the operations, strategy and curriculum for the school. Overall, this is the best option for ECH at this time.