

ASSESSING FUNDING MECHANISMS WORKSHEET

LOCAL FUNDING SOURCE	REQUIRES NC GENERAL ASSEMBLY APPROVAL OR LAW CHANGE	LOCAL VOTER APPROVAL NEEDED	LIMITATIONS	QUESTIONS TO CONSIDER
Municipal or County Budget Item			Must be renewed each year as part of the budget cycle	Are we prepared to continue advocating each year during the budget process to maintain the investment?
Bond		X	Available only for long-term capital investments, not day-to-day government operations	Are there any capital investments needed to support early learning? Do we have the political relationships and power to get a bond proposal on the ballot for a referendum? Do we have the resources to support a campaign to encourage public support for the referendum?
Sales Tax		X	Local sales tax is limited to between 2% and 2.75%.	Will a sales tax generate enough revenue? Given that residents with lower incomes pay a higher portion of their incomes in sales taxes, is a sales tax increase the best approach? Can we advocate for an equitable spending plan that prioritizes residents with lower incomes? Do we have the political relationships and power to get a sales tax increase on the ballot for a referendum? Do we have the resources to support a campaign to encourage public support for the referendum? Do we have the power to advocate that leaders pass a resolution naming early childhood as a purpose for the sales tax increase? Are we prepared to continue advocating for this use?
Property Tax	Unclear. Refer to the Local Funding Options page .			Does our community have enough real estate wealth to support the early childhood investments we need? What property tax rate would be required?
Occupancy Tax	X		NCGA sets the occupancy tax rate, and occupancy taxes adopted after 1997 can currently only be used for tourism-related expenditures.	Do we have the political relationships and power to gain support from the NC General Assembly and our county to use occupancy tax revenue for early childhood rather than only for tourism? Does our community have enough tourism to generate sufficient funds from occupancy taxes? What occupancy tax rate would be required to produce enough revenue?
Fees	X			Do we have the political relationships and power to gain support from our community and the NC General Assembly to allow the allocation of fees for early learning? What types and amount of fees could generate the necessary investments in early learning?
Special Tax District	X			Do we have the political relationships and power to gain support from our community and the NC General Assembly to allow a special district to fund early education? Does our community have enough real estate wealth to support the early childhood investments we need? What tax rate would be required to produce enough revenue? Where should the special taxing district(s) be located?
Tax Credits	X (for some tax credits)			Can we gain support for tax credits from economic development leaders in our community? Do we have evidence that tax credits will spur local businesses to invest in early childhood education? If pursuing local tax credits for families, do we have the political relationships and power to gain the NC General Assembly's support?
Social Impact Bonds	X			Do we have the political relationships and power to gain the NC General Assembly's support for enabling legislation for local social impact bonds? Do we have a set of foundations or venture capitalists that are engaged in early childhood issues that could be interested in investing in a SIB? What measurable outcomes would indicate success? Do we have agencies that are prepared to define, measure, and deliver the outcomes? Can the outcomes be measured in three to eight years?

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LOCAL FUNDING SOURCE	OPPORTUNITIES FOR THIS OPTION FOR YOUR COMMUNITY	CHALLENGES FOR THIS OPTION FOR YOUR COMMUNITY
Municipal or County Budget Item		
Bond		
Sales Tax		
Property Tax		
Occupancy Tax		
Fees		
Special Tax District		
Tax Credits		
Social Impact Bonds		