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**LEGISLATIVE
RESEARCH COMMISSION**

CHILD DAY CARE ISSUES



**REPORT TO THE
1993 GENERAL ASSEMBLY
OF NORTH CAROLINA**

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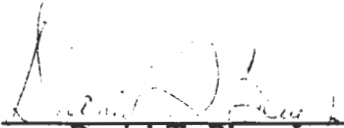


January 15, 1993

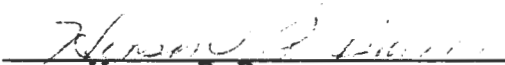
TO THE MEMBERS OF THE 1993 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on Child Day Care Issues. The report was prepared by the Legislative Research Commission's Committee on Child Day Care Issues pursuant to Section 2.2 of Chapter 754 of the 1991 Session Laws.

Respectfully submitted,



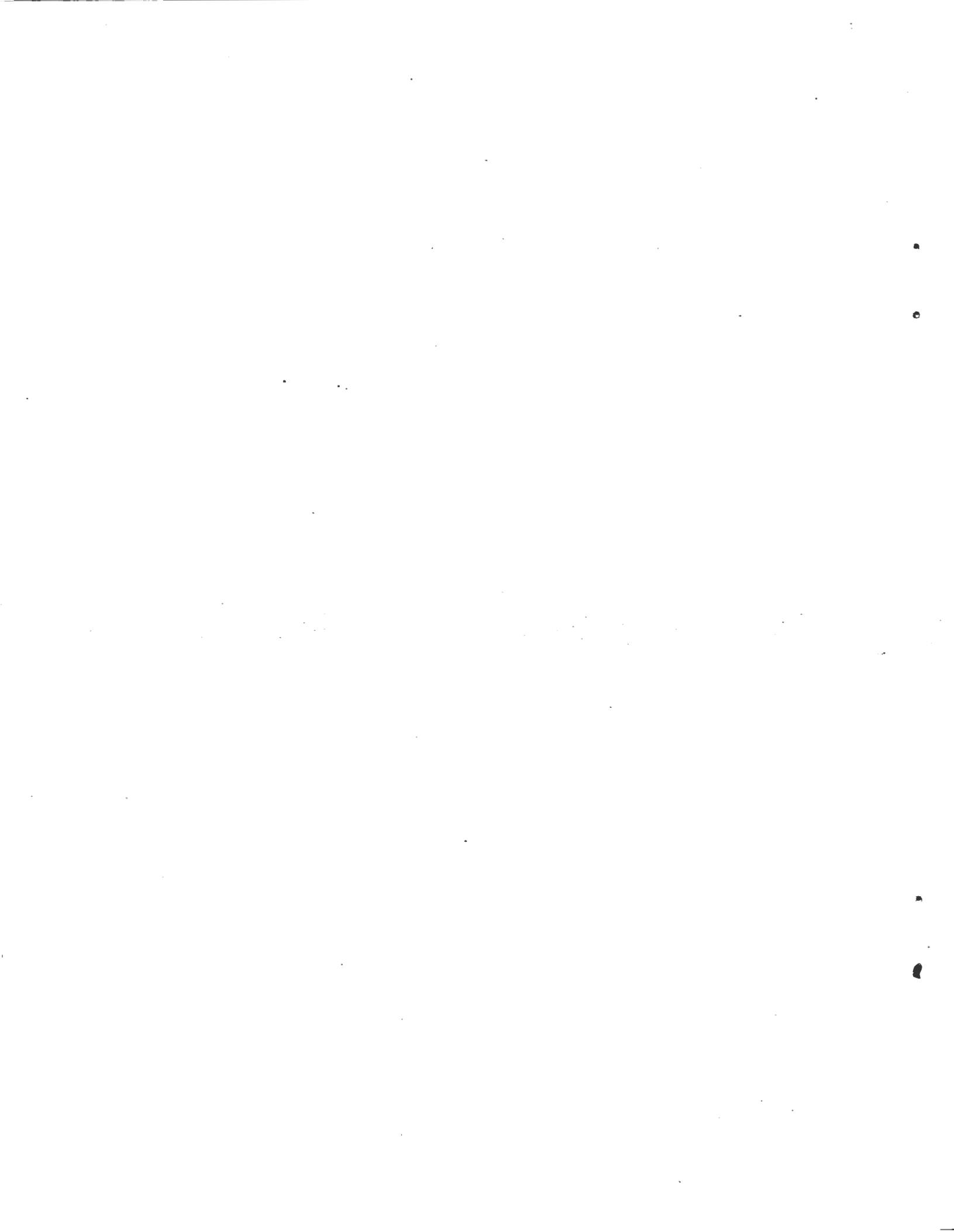
Daniel T. Blue, Jr.
Speaker of the House



Henson P. Barnes
President Pro Tempore

Cochairs
Legislative Research Commission





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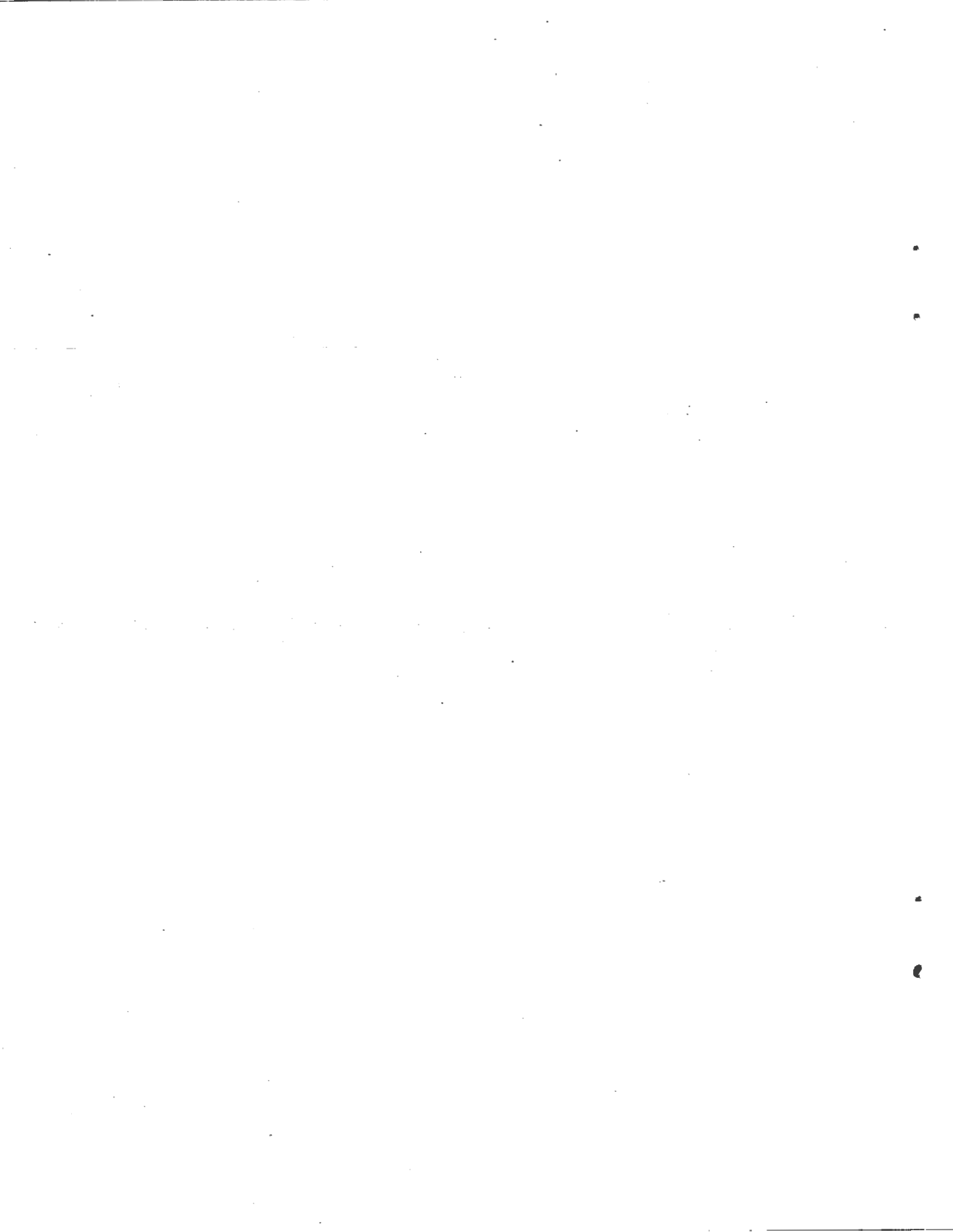
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PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1991 General Assembly and the cochairs of the Legislative Research Commission, the Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of Child Day Care Issues was authorized by Section 2.2 of Chapter 754 of the 1991 Session Laws. That act states that the Commission may consider the Committee Substitute for House Bill 1062 in determining the nature, scope and aspects of the study. Section 2.2 of Chapter 754 has been digested in the Legislative Research Commission's Study Committee on Child Day Care Issue's Report to the 1992 Session of the 1991 general Assembly. The Legislative Research Commission grouped this study in its Human Resources area under the direction of Senator Russell Walker. The Committee was chaired by Senator James Richardson and Representative Ruth

Easterling. The full membership of the Committee is listed in Appendix A of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library. The committee Report to the 1991 General Assembly of North Carolina 1992 Session is available in the Legislative Library and provides valuable background to the findings and recommendations in this report.

COMMITTEE PROCEEDINGS

After the 1992 Session, the Committee met 5 times in full committee, on September 23, October 7, November 17, December 16, and December 30. The Subcommittee on Payment Rate Structure, appointed before the 1992 Session, met twice, on October 21 and December 14. The full Committee held a public hearing on the rate structure issue, on November 16.

The Committee began its work after the 1992 Session by identifying the major areas of study that remained to be given final shape. The Committee committed itself to finalizing recommendations on changes needed to the payment rate structure, to eligibility for subsidy, and to the staff/child ratios. These two main areas of concern represent areas that the Committee and its individual members had long recognized as crucial to the provision of quality, cost-effective day care to all North Carolina's children in need of care. Representative Easterling has, over the years, introduced many pieces of legislation to address the issues of staff/child ratios and day care waiting lists. She, Senator Walker, and Senator Richardson, as well as the other Committee members who have been members of the Appropriations Committees and subcommittees, have fought long and hard to maintain the level of funding for what North Carolina does provide, in years when enormous State budget deficits have forced cuts everywhere. Representative Gardner was instrumental in obtaining a valuable NCSL grant to study the financing of Child Day Care, which study is included in this report as Appendix C, and will be a major resource for the Human Resources Appropriations Subcommittees in the upcoming session. Ms. Marjorie Warlick Tate provided the experience and concern of her many years of effective advocacy and child care administration. The Day Care Section of the Division of Facility Services, Department of Human Resources, under the direction of Dr. Nancy Sampson, has been

involved with this Committee since its inception, rendering vital expertise and creative aid to the Committee's study. All the Committee members have long recognized the need to revise the payment rate structure and increase eligibility so as to provide the best day care to the most people and to aid low-income families in finding and keeping gainful employment.

After the public hearing on the payment rate structure issues, the Committee felt that it had reached close to a consensus on what was needed to reform the rate structure. It became clear at the hearing that rural counties needed a statewide market rate to enable them to use their day care allocations, that counties with higher rates needed to be able to go to county market rate (the current measure), and that some differentials in reimbursement needed to be made to provide real incentives for providers to improve the quality of care they provide. All testifiers spoke to the need to increase eligibility levels for low-income families. At the meeting on December 16, the Committee received a preliminary cost analysis from Dr. Rachael Willis of the Department of Economics of the University of North Carolina at Chapel Hill, which, for the first time, analyzed day care cost data in such a way as to enable the determination of cost to the State of lowering staff/child ratios. Although the Committee carefully reconsidered all the letters and testimony it had received opposing any change in the staff/child ratios, it felt that the ratios had to be improved to protect children and to give them the skills needed to make them ready for success in school. The cost study's preliminary findings indicate that the actual cost of improving these ratios is much less than had been feared.

The Committee determined that it needed to make the recommendations it did regardless of the real problem of cost. The total package of recommendations have been given a very rough cost of nineteen and two thirds million dollars. There is much disagreement over this estimate and much fiscal analysis remains to be done before the

real cost of the package can be known. However, the Committee felt that the issues had been studied enough and that a commitment to improve child care in rural and urban areas, for all children in need of care and for their families had to be made.

In addition to addressing these issues, the Committee also decided to recommend legislation specifically addressed to ensuring the safety of children in day care, requiring criminal record checks of all day care workers and operators and the spouses of operators, similar to legislation introduced by Representative Pete Thompson in the 1991 General Assembly and endorsed by the Committee), requiring a ban of corporal punishment in certain "nonregistered" day care (care provided for fewer than three children who are unrelated to the caregiver) for which the State provides subsidies, whether from State or federal Funds, and requiring pediatric CPR training of all workers providing care in unregistered homes that receive some subsidy from the State, whether from State or federal funds.

The Committee finally decided to recommend the establishment of a permanent Legislative Study Commission on Child Care, which it had recommended to the 1992 Session, to provide a vehicle of continuing oversight of child care issues, including child day care but including also education, health, and safety issues.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION 1. The Legislative Research Commission recommends the enactment of "AN ACT TO CHANGE THE DAY CARE RATE PAYMENT STRUCTURE TO ENCOURAGE THE PROVISION OF QUALITY DAY CARE FOR ALL NORTH CAROLINA'S CHILDREN IN NEED OF CARE AND TO APPROPRIATE FUNDS." (See Appendix D. Legislative Proposal I.)

The Committee found that it was essential to revise the day care rate payment structure to ensure that rural as well as urban counties can use all the resources, including allocations, available to them, in providing much-needed child care. The Committee found, after considerable testimony from providers of and advocates for child day care in rural and urban counties, that the best way to provide this insurance, was by establishing a statewide market rate representing the 75th percentile of all day care rates by type of provider for all ages of children from every county as a floor rate. Providers in counties whose county market rate was higher than this statewide rate could receive that higher rate. The Committee found that this provision would enable rural counties to provide quality care that was otherwise unavailable because the prevailing county market rate was so low. These counties would keep an increasing amount of their initial allocations and revert increasingly less. Therefore, a part of this piece, the Committee found, should be a requirement that the Social Services Commission give consideration to ensuring that the counties now using reallocated funds be helped to continue to provide that high level of care that these reverted funds have made available in the past.

The Committee found that, in addition to revision of the basic rate structure, a differential among similar kinds of care that provide different levels of quality of care should be established to provide incentives for providers to provide higher levels of care. The federal regulations would seem to permit such a ten percent differential to allow such incentives, and the Committee found that providing unregistered homes ten percent less than registered and 'AA' centers ten percent more than 'A' centers would provide these incentives. Registered homes and 'A' centers would, in the Committee's proposal, receive the basic rate, which would be the higher of the statewide or the county market rate. The Committee also found that, in the near future, additional differential treatment should be given to accredited centers, which provide care of a higher quality than 'AA' centers and that, also in the near future, rates above either the statewide or the county market rate should be available to providers who can justify receiving reimbursement for the actual cost of care; however, the Committee did not recommend implementing these pieces at this time.

The cost of these changes was estimated by the Day Care Section of the Division of Facility Services, Department of Human Resources, as approximately thirteen million dollars each fiscal year of the biennium. There is disagreement over this amount, but the Committee found that the figure, together with the explanatory information contained in the Section's cost sheet, should be used in the proposal and should be included in this finding, as attached.

POTENTIAL EFFECT OF USING STATEWIDE MARKET RATE AS MINIMUM RATE FOR SUBSIDIZED CHILD DAY CARE SERVICES

1992 STATEWIDE MARKET RATES

If statewide market rates were used as the minimum payment rates in all counties, the minimum payment rate for children in facility-type care (day care centers and large day care homes) in SFY 1992-93 would be \$281 per month. The statewide minimum rate for children in home-based care (registered day care homes) would be \$260 per month. The statewide market rates cited above represent the 75th percentile of all day care rates by type of provider for all ages of children from every county.

DISTRIBUTION OF RATES BY COUNTIES

The county market rates used as the basis for payment for subsidized day care are promulgated by age group. Rates for facility-based and home-based care are established for 4 age groups: infants/toddlers, 2 year olds, 3 year olds, and children age 4 and older.

The market rates for each age group vary from county to county, therefore, it is difficult to say which counties would be affected by the use of a statewide market rate. Specifically, some counties have rates for some age groups which are above the statewide market rates while rates for other groups fall below the statewide rate.

METHOD USED TO ESTIMATE COST OF STATEWIDE MARKET RATE

Twenty-five percent (25%) of the 120,000 preschool-age children in state-regulated day care in North Carolina are age 3. It is assumed that the age distribution of children whose day care is publicly subsidized is the same as for the general population of children in state regulated day care. The county market rates for three year olds were selected as the basis for this analysis. The county rates for 3 year olds were used in two ways: (1) to determine whether the county's rates were above, equal to, or lower than the statewide rate for children of all ages, and (2) to compare the county's current average payment rate with its market rate.

NOTE: The county-by-county analysis described here reflects payments for non-FSA child care only. Statewide predictions for FSA child care costs are included at the end of this document.

Number of Counties Affected

89 counties have market rates for 3 year olds in facility care which are lower than \$281. 93 counties have home-based rates for 3 year olds lower than \$260. Each of these two sets of counties were analyzed as described below:

The county's average payment rate for subsidized care was expressed as a percent of the county's market rate for three year olds. That same percent, when applied to the statewide rate (either \$281 or \$260), indicates the potential for increase in the amount of the county's average payment rate for subsidized care if the statewide market rate became the minimum rate.

Counties with Average Payments above the County Market Rate

In some counties, the current average payment rate exceeds the county market rate, and in a few, exceeds the statewide market rate. This may indicate one or more of the following situations: (1) the county purchases from more Category A-type centers (centers serving less than 50% subsidized children and eligible for the rate they charge for unsubsidized care) than B-type centers (centers serving 50% or more subsidized children and restricted to the county market rate), (2) the Category A centers in the county generally charge more than the county market rate, (3) the county pays a higher rate for a larger number of special needs children, and/or (4) there may be some centers in the county still using their 1986 payment rates. For the purpose of this analysis, these counties were treated two ways: Method #1 assumes no

increase in cost in these counties; Method #2 assumes the county's average payment rate would increase at the respective county's current percent above the county market rate. (For example, in Method #2, if the county's current average payment rate is 112% of the county's market rate, the county's average payment would become 112% of the statewide market rate.)

ESTIMATED COSTS OF USING STATEWIDE MARKET RATE

METHOD # 1. (No increase for counties now paying more than county market rate)

	MONTH	ANNUAL
CURRENT COST		
Counties below Statewide Rate:		
Facilities	\$ 2,221,191	\$26,654,292
Homes	<u>106,386</u>	<u>1,276,632</u>
Total	2,327,577	27,930,829
 All Counties	 4,307,831	 49,372,829

ESTIMATED INCREASE

Counties below Statewide Rate:		
Facilities	468,002	5,616,018
Homes	<u>31,165</u>	<u>373,983</u>
Total	499,167	5,990,001

TOTAL COST W/INCREASE: NON-FSA	4,806,998	55,362,830
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METHOD # 2. (Increase for all counties whose market rate is less than statewide rate.)

	MONTH	ANNUAL
CURRENT COST		
Counties below Statewide Rate:		
Facilities	\$ 2,221,191	\$26,654,292
Homes	<u>106,386</u>	<u>1,276,632</u>
Total	2,327,577	27,930,829
 All Counties	 4,307,831	 49,372,829

ESTIMATED INCREASE

Counties below Statewide Rate:		
Facilities	525,206	6,302,478
Homes	<u>31,987</u>	<u>383,838</u>
Total	557,193	6,686,316

COST W/INCREASE: NON-FSA	4,865,024	56,059,145
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ESTIMATED COST OF INCREASE TO FSA CHILD CARE:

Based on the current average payment rates for FSA-eligible children in day care centers and in home-based care, the potential effect of using the statewide market rate is shown below:

	MONTH	ANNUAL
CURRENT ESTIMATED COST (SFY 1992-93)	4,018,679	53,009,320
ESTIMATED INCREASE W/STATEWIDE RATE	609,533	7,314,396
TOTAL ESTIMATED COST W/INCREASE:	4,628,212	60,323,716

RECOMMENDATION 2. The Legislative Research Commission recommends the enactment of "AN ACT TO APPROPRIATE FUNDS FOR COUNTY DAY CARE." (See Appendix D, Legislative Proposal II.)

The Committee found, based on much of the testimony at its public hearing on payment rate structure issues, that counties needed immediate help with their child day care program administration costs in order to make the best use of their available child care resources. The Committee found that it would be a far better use of funds to allocate funds for administration to counties rather than giving them positions, provided "non-supplanting" language was included. The four million dollars each fiscal year is a very rough cost approximation of this provision.

RECOMMENDATION 3. The Legislative Research Commission recommends the enactment of "AN ACT TO ENCOURAGE COUNTIES TO PROVIDE THE HIGHEST QUALITY DAY CARE AVAILABLE TO THEM." (See Appendix D, Legislative Proposal III.)

This proposal costs nothing but the Committee found that it was essential, in combination with the other recommended proposals, to include language for counties and for the Day Care Section that would help direct all efforts towards creative and innovative uses of existing child day care resources.

RECOMMENDATION 4. The Legislative Research Commission recommends the enactment of "AN ACT TO AID PARENTS OF LOW-INCOME CHILDREN NEEDING DAY CARE TO BECOME SELF-SUFFICIENT WITHOUT

JEOPARDIZING THE VERY CHILD CARE THAT IS ESSENTIAL TO THIS SELF-SUFFICIENCY AND TO APPROPRIATE FUNDS." (See Appendix D, Legislative Proposal IV.)

The Committee found that increasing the eligibility rates for low-income parents was imperative, regardless of the cost, to enable parents to find and keep gainful employment. To this end, it found that a two-part increase was essential, the first part of which would increase eligibility limits for families already receiving subsidies to seventy-five percent of median income to help parents find jobs, and the second part of which would increase the entrance eligibility level for those families initially needing subsidies one 'notch' above the present limit. A notch is between one thousand and fifteen hundred dollars, a substantial amount for families working at low wages who are trying to remain employed. These people cannot remain at work if they lose their subsidized child care that enables them to work and rise out of poverty.

The cost estimate of this two-fold increase is two million dollars for each fiscal year, but it is an estimate that is questionable until much further analysis is completed.

RECOMMENDATION 5. The Legislative Research Commission recommends the enactment of **"AN ACT TO LOWER THE STAFF/CHILD RATIOS AND GROUP SIZES FOR INFANTS AND TODDLERS IN CHILD CARE AND TO APPROPRIATE FUNDS."** (See Appendix D, Legislative Proposal V.)

For background to the Committee's previous work on this issue, please see its Child Day Care Issues Report to the 1991 General Assembly of North Carolina, 1992 Session, p. 7, materials included in Appendix G, and the letters on file in the Legislative library.

The Committee found that, although Representative Easterling's 1991 House Bill 1062 phased in ratio and group size changes for all day care ages, it was the best and most practical public policy to address immediately the ages and groups most in need of improvement, the infants and toddlers.

Dr. Rachael Willis' preliminary findings on the cost of changing these ratios for the first time allowed the Committee to state positively that the cost would not be great. This preliminary report is included in this finding.

The Committee again acknowledged the receipt of many letters from providers of for-profit providers and parents arguing strongly against any lowering of ratios on the grounds that it will either put providers out of business altogether or make care too costly for most parents. However, the Committee found that Dr. Willis' findings argue against this belief and that care for infants and toddlers have to be improved immediately. The Committee found that education of the legislators and the public during hearings and during the appropriations process in the 1993 Session should go a long way towards alleviating fears of this change.

Dr. Willis' preliminary cost estimate for the State for this change is approximately six hundred thirty-five thousand dollars for the first fiscal year and six hundred forty thousand one hundred dollars for the second.

Rachel A. Willis, Ph.D.
Professor of Economics
966-2383, 966-3710

CB #3305, Dept. of Economics
University of North Carolina
Chapel Hill, NC 27599

**Study Design and Preliminary Findings for Research Project:
Estimate of the Costs of Changing Staff/Child Ratios
for North Carolina Day Care Centers**

I. Purpose of Study

- A. Estimates of the costs of changing staff/child ratios are based on data which gives ratios by day care center, but does not enable one to distinguish staff/child ratios for a given age group of children. Since proposed ratio changes would be according to the age of the child, this limits the quality of cost estimates that can be made. In addition, currently available estimates assume all centers: (1) operate at full capacity, (2) operate at the legal minimum staff/child ratio, and (3) allocate all costs to staff. These assumptions about capacity utilization suggest either a reduced number of children served or a greatly expanded day care sector as a result of changes in staff/child ratios.
- B. This study entails original data collection to obtain more accurate estimates by the age of child served of capacity utilization, staff/child ratios, costs of child care, and the proportion of costs subsidized by the state. Preliminary results on the cost of changed staff/child ratios to the state of North Carolina for subsidized children for changing the staff/child ratio for each age group are reported.

II. Method of Study

- A. Phone surveys to collect individual center data were made to a 10% sample of licensed North Carolina child care centers. These centers were selected using a random number generator to ensure representativeness.
- B. Each center received a small financial incentive to compensate for the time necessary to complete the survey; with more than 2/3 of the centers surveyed we thus far have an 82% response rate.
- C. Questions about the overall size and staffing of the center, along with a repeated series of questions about staffing and fees for providing service are asked for each individual group/classroom within the center.
- D. Additional center characteristics available from the North Carolina Division of Facility Services, Child Day Care Section, will be coded and appended to the sample centers.
- E. Using weights on center type, size, and geographical location, state-wide rates of capacity utilization and staff/child ratios per age of child in actual use will be extrapolated in the final results. Finally, using gathered data on the cost of additional staffing an estimate will be made of the private and public costs of changing staff/child ratios per age group.

PRELIMINARY ESTIMATES OF CLASSROOMS AT PROPOSED RATIOS

Age Groups	Current North Carolina Ratios	No. of Classes Prelim. Sample	Proposed Ratio Changes A	Percent Classes at Prop. A Ratios	Cost of Prop. A Ratio Change**	Proposed Ratio Changes B *	Percent Classes at Prop. B Ratios	Cost of Prop. B Ratio Change**
0	1:6	150	1:5	66.7%	\$167,808	1:5	66.7%	\$167,808
1	1:7	117	1:6	70.9%	\$208,608	1:6	70.9%	\$208,608
2	1:12	184	1:11	85.3%	\$78,288	1:10	78.3%	\$258,324
3	1:15	194	1:14	91.8%	\$45,852	1:15	na	na
4	1:20	151	1:19	93.4%	\$4,740	1:20	na	na
TOTAL		796			\$505,296			\$634,740

* Proposal B = Baby Bill

** Cost Estimates for Year One of Biennium. Total Biennium Costs for A with a 4% increase in second year is \$1,030,804. Total Biennium Costs for Biennium with a 4% increase in second year is \$1,294,870.

634,740
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~~4,084,800~~

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Please contact me if you have further questions about study design, results, or wish to receive a copy of the final report.

Rachel A. Willis, Ph.D.
 Professor of Economics
 966-2383, 966-3710

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RECOMMENDATION 6. The Legislative Research Commission recommends the enactment of "AN ACT TO ESTABLISH THE LEGISLATIVE STUDY COMMISSION ON CHILD CARE ISSUES AND TO APPROPRIATE FUNDS." (See Appendix D, Legislative Proposal VI.)

For background on this recommendation, please see the Child Day Care Issues Report to the 1991 General Assembly of North Carolina 1992 Session, p. 20. Given the urgency of the need to investigate and reform much of the law and services provided for children in need of day care and educational and health care, the Committee found that it is even more imperative to have an on-going Commission studying all child care issues.

The cost of the Legislative Commission is twenty-five thousand dollars each fiscal year.

RECOMMENDATION 7. The Legislative Research Commission recommends the enactment of "AN ACT TO MANDATE CRIMINAL RECORD CHECKS OF CHILD DAY CARE PROVIDERS AND SPOUSES OF CHILD DAY CARE OPERATORS AND TO APPROPRIATE FUNDS." (See Appendix D, Legislative Proposal VII.)

For background on this recommendation, please see the Child Day Care Issues Report to the 1991 General Assembly of North Carolina 1992 Session, pp. 17 and 18, and information in Appendix G., pp. G-142 et seq., regarding what other states have done and are doing to check day care providers' criminal records.

RECOMMENDATION 8. The Legislative Research Commission recommends the enactment of "AN ACT TO BAN CORPORAL PUNISHMENT FROM ALL DAY CARE THAT RECEIVES REIMBURSEMENT FROM THE STATE, WHETHER FROM STATE OR FEDERAL FUNDS." (See Appendix D, Legislative Proposal VIII.)

In the 1991 Session, Representative Nick Jeralds was successful in getting passed a ban on corporal punishment in all day care registered or licensed by the State. Only church-sponsored care was meant to be excluded from this ban. Since the inception of this legislation, federal funds through the Family Support Act has made possible a new form of State "recognized", although unregistered and unlicensed, care, that provided to less than three children, not counting the caregiver's, and that provided to any number of children by a relative.

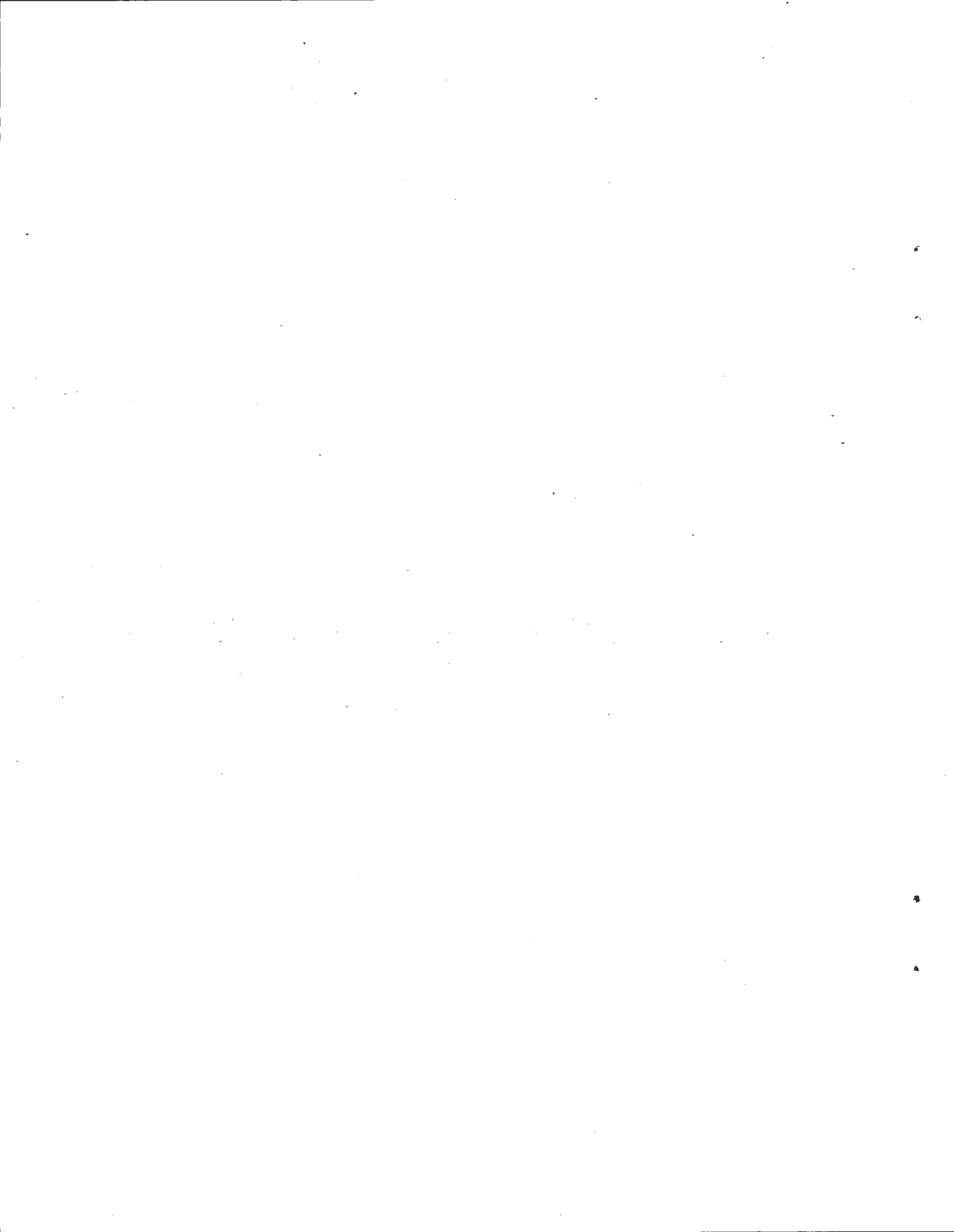
The Social Services Commission has adopted rules, effective February 1, 1993, that allow corporal punishment to be administered, with the written consent of the parent, in unregistered homes that voluntarily choose to participate in the day care subsidy program. (See Appendix C.) The new rule does not speak at all to relative-run care, although relatives providing such care can receive a subsidy.

The Committee found that the Social Services rule was inconsistent with what it considered to be the will of the General Assembly when it enacted the 1991 ban against corporal punishment in day care. Therefore, it found that it was necessary to recommend legislation that would ban such punishment from unregistered care provided by someone other than a relative, defined as grandparents, aunts, uncles, and step-grandparents, and great-grandparents. Church-sponsored care remains exempt for this ban.

RECOMMENDATION 9. The Legislative Research Commission recommends the enactment of "AN ACT TO REQUIRE PEDIATRIC CPR TRAINING FOR DAY CARE WORKERS IN UNREGISTERED DAY CARE HOMES." (See Appendix D, Legislative Proposal IX.)

The Social Services Commission also has adopted rules for the care described in the Findings for Recommendation 8 that mandate that the provider successfully complete a multimedia first aid course within three months of beginning participation in this program. (See Appendix C.) Again, this rule does not apply to relative-provided "unregistered" care.

Senator Forrester moved that the Committee recommend the introduction of legislation that would mandate that, in addition to this first aid course, providers be required to be certified in pediatric CPR, and renew their certification every two years. The Committee voted unanimously to include this recommendation in its report. The legislation proposed includes requirements for all "unregistered" care, including relative-provided care.



APPENDIX A

MEMBERSHIP OF LRC COMMITTEE ON CHILD DAY CARE ISSUES; ATTENDANCE

CHILD DAY CARE ISSUES MEMBERSHIP - 1991-1992

LRC Member: Senator Russell G. Walker
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APPENDIX B
PEOPLE ATTENDING AND TESTIFYING



APPENDIX C
MAJOR ISSUE PAPERS

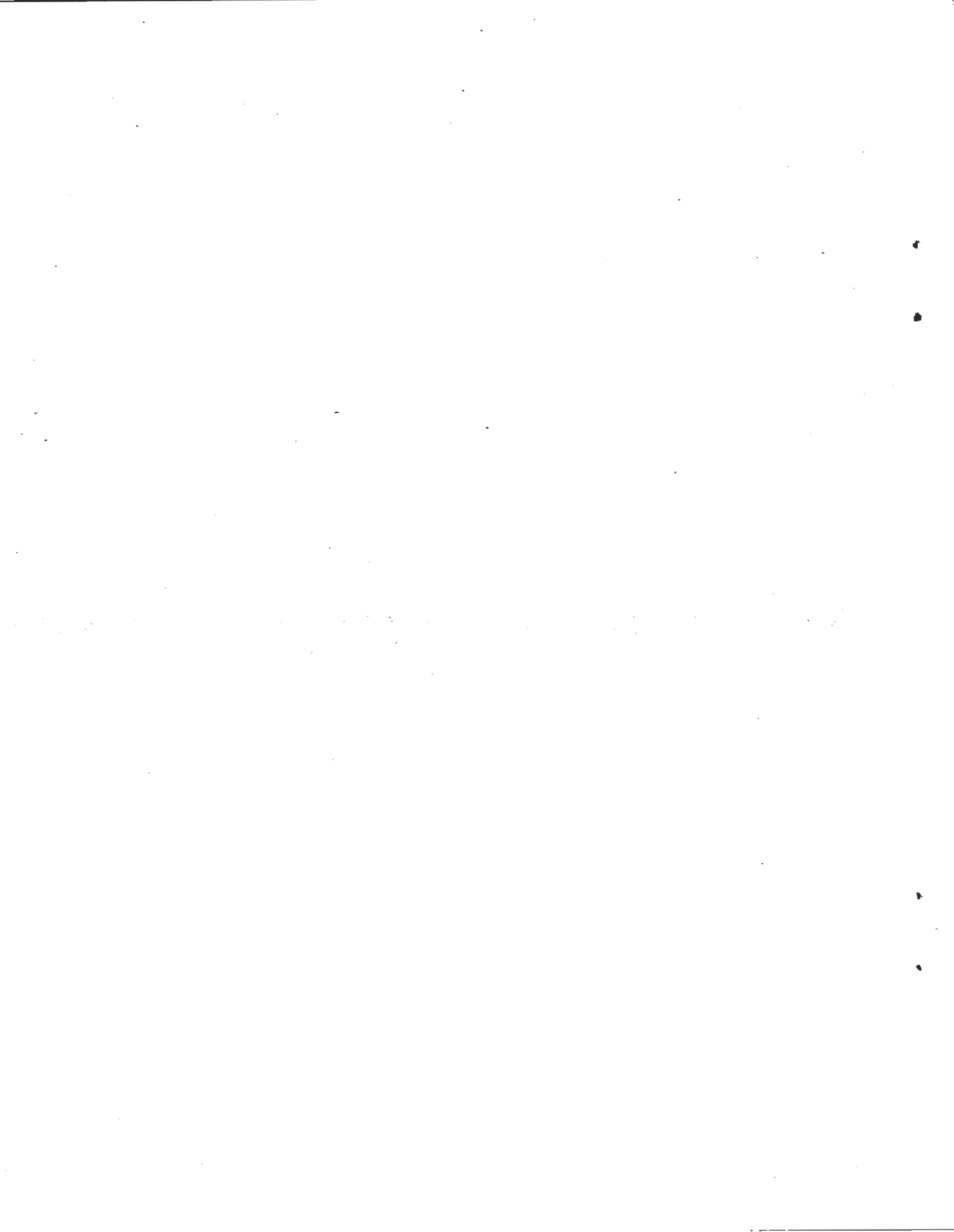
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[Note: the vital papers on the cost estimates for the change to statewide market rate and for the staff/child ratio changes are included in the FINDINGS of this report.]



APPENDIX D
LEGISLATIVE PROPOSALS



APPENDIX A

MEMBERSHIP OF LRC COMMITTEE ON CHILD DAY CARE ISSUES; ATTENDANCE

CHILD DAY CARE ISSUES MEMBERSHIP - 1991-1992

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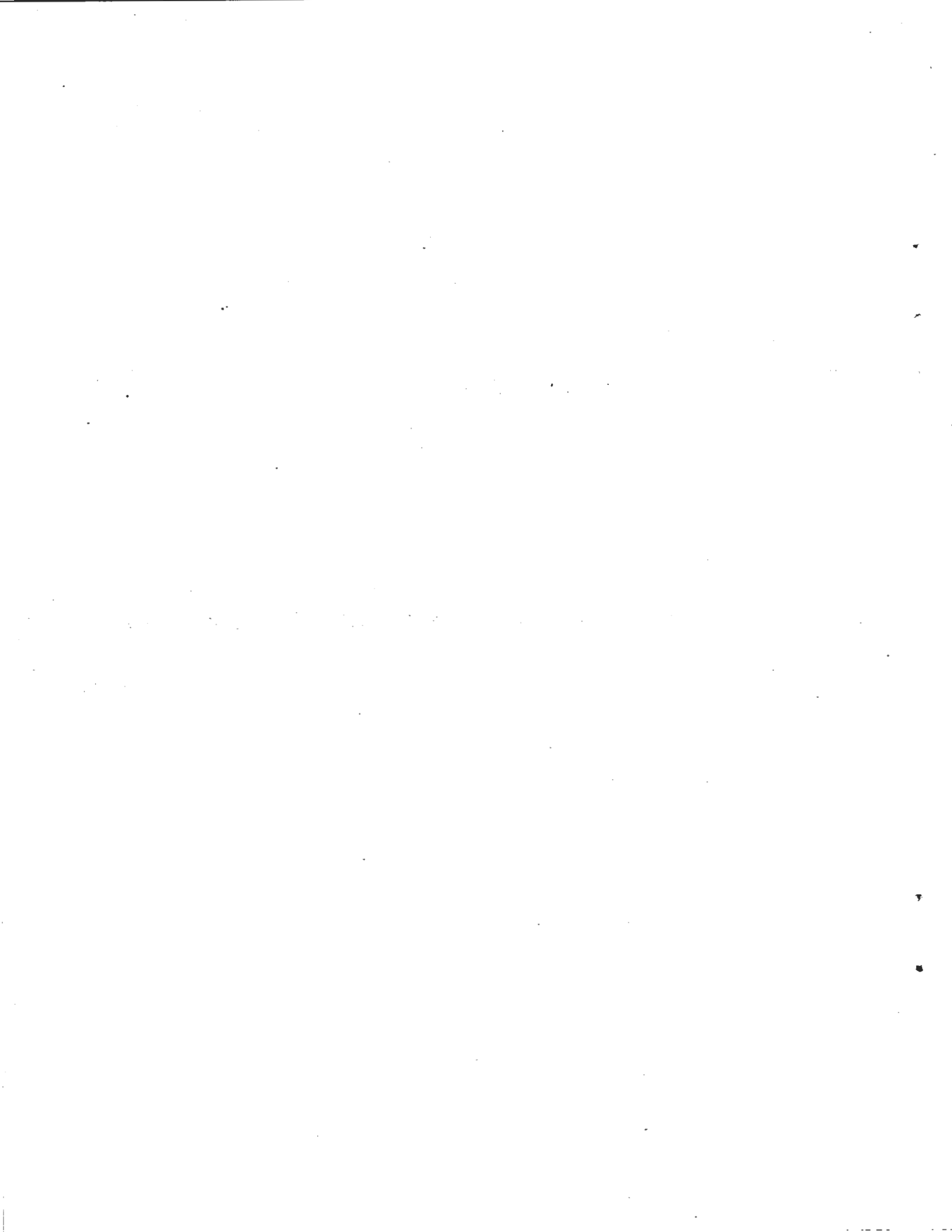
Clerk:

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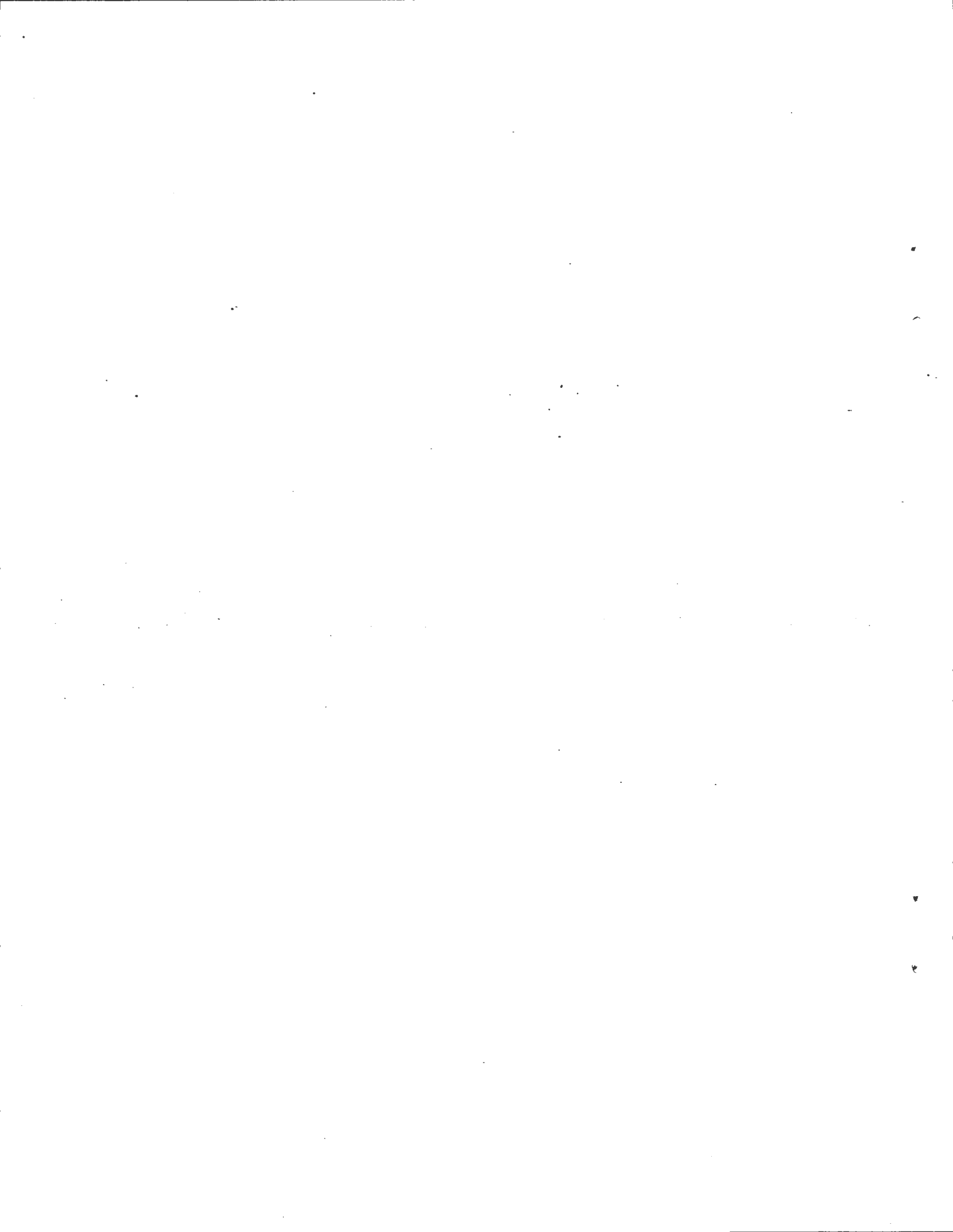
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ATTENDANCE

Committee	COMMITTEE ON CHILD CARE ISSUES										SUBCOMMITTEE			
	FULL COMMITTEE MEETING										MEETING			
	2-12	3-10	4-8	4-27	9-23	10-7	11-16	11-17	12-16	12-30			10-21	12-14
Senator James Richardson	X	X	X	X	X		X	X	X					
Rep. Ruth Easterling	X	X	X	X	X	X	X	X	X					
Senator Frank Ballance														
Rep. Charlotte Gardner	X	X	X	X		X	X	X	X					
Senator James Forrester	X		X		X	X			X					
Rep. Howard J. Hunter		X	X				X	X	X					
Senator Helen R. Marvin	X	X							X					
Rep. Maggie M. Jeffus	X	X	X	X	X	X	X		X					
Senator Clark Plexico		X						X						
Rep. Eugene Rogers	X	X	X	X	X		X	X	X					X
Ms. Debbie L. Parker	X		X											
Mr. Ron Saucier														
Mr. Gordon C. Woodruff	<i>RESIGNED</i>													
Ms. Margorie T. Warlick	X	X	X	X	X	X		X	X				X	X
Senator Russell Walker		X	X	X		X	X		X				X	X



APPENDIX B
PEOPLE ATTENDING AND TESTIFYING



VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

September 23, 1992

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Date

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Stianne Marlowe	DHR - DSS - Child Care
Donna Kitchner	NC Dept of Health
Stephanne Taylor	NC Day Care Agency
Dil Wiggins	Franklin County Child Services
Teresa Bannister	Day Care Agency
Barbara Vandenberg	NC - day

VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

October 7, 1992

Name of Committee

Date

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VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

Name of Committee

Date

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George Jones	DHR
Patricia Brown	Home
Diane Jones Wilson	Rural Center
Pat Johnson	NCCAP
Margaret Green	Child Day Care Center
Dick Clifford	Frank Porter Graham Child Dev. Ctr.

Subcommittee

VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

October 21, 1992

Name of Committee

Date

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VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

November 16, 1992

Name of Committee

Date

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Jeffrey Carlier	DHR - DSS Public Assistance
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VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

November 17, 1992

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Date

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Steve Rader	DHR/Legal Affairs
Ann Wood	DHR Budget + Analysis

VISITOR REGISTRATION SHEET

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 Name of Committee Date

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VISITOR REGISTRATION SHEET

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VISITOR REGISTRATION SHEET

COMMITTEE ON CHILD CARE ISSUES

Name of Committee

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VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

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APPENDIX C
MAJOR ISSUE PAPERS

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Rationale/Rules for Unregulated Day Care Homes in North Carolina's Subsidized Child Day Care Program, Day Care Section of the Division of Facility Services, Department of Human Resources	C-69
[Note: the vital papers on the cost estimates for the change to statewide market rate and for the staff/child ratio changes are included in the FINDINGS of this report.]	

Final Draft

MEETING THE CHILD CARE PROMISE:

**How Counties are Responding to the
New Child Care Subsidy Programs**

N.C. Child Advocacy Institute

October 1992

MEETING THE CHILD CARE PROMISE:

How Counties are Responding to the New Child Care Subsidy Programs

Michele Rivest
Vice President for Programs
N.C. Child Advocacy Institute

Susan Russell
Executive Director
Day Care Services Association

October 1992

This report was made possible by funding from the Mary Reynolds Babcock Foundation and the Z. Smith Reynolds Foundation.

N.C. Child Advocacy Institute
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**Meeting the Child Care Promise:
How Counties are Responding to the
New Child Care Subsidy Programs**

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We want to thank the many people who gave generously of their time to help shape the report, provided resources, and reviewed the report and our recommendations for strengthening the child care system in North Carolina. First of all, we thank the project's advisory committee and their representatives for their expertise and guidance on this report.

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We sincerely appreciate the county departments of social services that took the time to complete the county survey on child care issues which forms the basis of the report. In addition, we extend our deepest thanks to the staff in the six counties who spent extensive time with us discussing their concerns and hopes for a strong child care system. From **Cumberland County**: E.C. Modlin, Sharon Hindle, Freida Lockamy, Lynn Pippin, Daisy Thompson; **Mecklenburg County**: Marjorie Warlick, Katie Clawson, Jeanne Downs, Mike Harmon, Patti Stowe, Cheryl Woodrow; **New Hanover County**: Ann Barkley, Alice Elliott, Christy Ellis, Mary Keplinger, Judy Saunders, Helen Shelton; **Orange County**: Martha Pryor-Cook, Gwen Price, Gail Putnam, Kathy Snethen, Deanna Shoffner; **Warren County**: Henry Hayes, Carol Clark, Sandra King, Margaret Myrick, Diane Tam; and **Yadkin County**: Wayne Black, Mary Adams, Nancy Brown, Lynn Cardwell, Jerry Motsinger.

The Institute's Child Care Monitoring Project was made possible by the generous support of the Mary Reynolds Babcock Foundation and the Z. Smith Reynolds Foundation. We are indebted to them for their support and interest in child care and early childhood development.

FOREWORD

Quality Child Care. It is what all parents want for their children. A warm and loving caregiver who has the time and skills to care for their child, a program that welcomes parents and supports them in their childrearing, toys and activities that are safe and will help the child develop the social and emotional skills each child needs to confidently face the future. What early childhood professionals call "developmentally appropriate care" and parents call quality. Yet, quality seems to be the one dimension of child care we have neglected in our rush to expand child care financial assistance to poor children and families in our state. While we enthusiastically welcome the millions of new dollars which have brought economic hope to thousands of parents who are struggling desperately to achieve some small measure of economic security for their families, we wonder about what type of care their children are receiving.

When we talk about poor children on public assistance in this state, we are talking about children living in extreme poverty. Their family income is less than \$3600 per year if they receive help through the state's Aid to Families with Dependent Children (AFDC) program, far less than the federal poverty level defined as \$13,359 per year for a family of four in 1990. We know that poverty is particularly acute in the rural areas of the state where child care is less developed and more likely to be underground and unregulated. What kind of future awaits these children?

While the majority of poor children grow up in loving and caring families, a 1991 study by Child Trends found that AFDC children are three times more likely than non-poor children to be in poor health, are twice as likely to fail in school, and nearly one-third suffer from delays in growth or development, learning disabilities, or significant emotional or behavioral problems.

With 85,000 poor and low-income children in child care, we should be adamant that these children – all children – receive the best child care and preschool opportunities available. They need the kind of quality care that can help overcome these early deficiencies and ensure a fair start once they enter the public school system. For these are the same children who later fail in school, dropout, become teenage parents, and require public assistance. Clearly, it is in our best interest as well as the children's to stop this cycle of poverty and neglect. National research has demonstrated that \$1.00 invested in quality preschool programs saves \$6.00 in later costs for welfare, juvenile crime, school failure, and teen pregnancy.

While North Carolina has many quality programs, we are also known nationally as having among the worst child day care standards, particularly our staff/child ratios for the very young child. Each year, nearly 40% of all child care providers leave the field because of inadequate pay, only about \$5.00 per hour, and no benefits. It is time we took a hard look at our child care programs, and made quality child care a priority. We applaud the efforts of the state and counties to make child care affordable to so many more poor children and their families. In the words of Graham Green, "there is always one moment in every childhood when the door opens and lets the future in." We need to guarantee to every child and family that child care in North Carolina provides that moment.

Margaret Arbuckle, Chairperson
Child Care Advisory Committee
NC Child Advocacy Institute

MEETING THE CHILD CARE PROMISE: How Counties are Responding to the New Child Care Subsidy Programs

EXECUTIVE SUMMARY

Child care in North Carolina has undergone tremendous changes in recent years with the advent of two major federal child care initiatives: the Family Support Act (FSA) of 1988 and the Child Care and Development Block Grant program of 1990. These initiatives created a tremendous surge in child care services primarily for poor and low-income families who are working, learning job skills, or in educational programs. The number of children receiving child care financial assistance more than doubled in a two year period, from 34,355 children in 1990/91 to a projected 85,440 children for 1992/93. The child care subsidy program budget increased dramatically during this period, from \$36.5 million to more than \$100 million for FY 1992/93.

In North Carolina, county departments of social services have the primary responsibility for delivery child care services. We wanted to know the impact of these tremendous new resources and learn how counties were meeting the challenges and promise of these new programs. In 1992, the N.C. Child Advocacy Institute conducted a statewide study of all 100 county departments of social services, asking counties to describe their child care system and their experiences with implementing the new child care subsidy programs. The survey was followed by on-site visits with six counties for more extensive study. Recommendations were formulated by Institute staff, and reviewed by the counties and the project's advisory committee.

What we found was that while more families than ever have received financial help, the state and county child care system was not prepared to efficiently or effectively handle such tremendous growth and change. However, in the face of rapid expansion, complex and often conflicting federal and state policies, and without any additional administrative or service capacity, counties are doing a remarkable job of rising to the challenges brought about through these initiatives. Further, these new programs have again highlighted some of the major deficiencies in North Carolina's child care program: the lack of coordinated state policy and local service delivery; problems with health and safety standards; issues of equity between urban and rural areas; and, the tensions between regulated and unregulated care.

There is widespread agreement among the counties that the lack of county staff, the maze of child care policies that remain fragmented, the high cost of child care, and the scarcity of subsidized child care despite the tremendous growth are serious problems facing counties. Last, but certainly not least, the new federal initiatives again spotlight the inadequacy of current policy to address quality child care. One of the greatest challenges facing the state and the counties is to achieve a balance in policy that seeks to balance parental choice in child care and the best interests of the child.

The major findings and recommendations from the report are organized into four areas: program administration, quality, availability and affordability of child care.

Findings: Program Administration

1. **County Day Care Staff Specialization:** A large number of counties report having staff designated specifically to perform child care services functions.
2. **Child Care Services Administrative Workload:** Counties cited that they were understaffed and not administratively capable of meeting their client's child care needs.
3. **Need for Training and Technical Assistance:** Nearly two-thirds of the counties report that training and technical assistance provided by the state is inadequate.
4. **Coordination of Child Care Programs:** The majority of counties report there is no "single access point" for child care services within the county department of social services.
5. **Expenditure of Funds:** Two out of five counties predicted that they would not spend their SFY 1991/92 child care allocation.
6. **Payment Rates:** A large number of counties (41%) do not pay center providers the rates that appear on their approval notices.
7. **Payment Methods:** Counties generally use direct provider reimbursement for JOBS clients.

Recommendations:

A. Department of Human Resources

1. The Department should immediately create a statewide coordinated, seamless system of child care for all child care policies and programs to ensure that all families and children receive high quality services, and provide technical assistance and training to the counties on how to achieve a local system of coordinated child care services.
2. The Department of Human Resources should report annually on the impact of the various federal and state child care programs on the quality, availability, and affordability of child care in the state and by county.
3. The Department of Human Resources should develop an integrated statewide computer management information system for the various child care subsidy programs with on-line capacity for the counties.
4. The Department of Human Resources should provide administrative dollars to counties for the purposes of staffing, training, or other improvements in the quality of the delivery of child care services. With the growth in child care funding, caseloads have skyrocketed making it impossible for counties to do an adequate job in determining family eligibility. This needs to happen whether or not a state-administered system is developed and implemented.
5. The Department of Human Resources should provide training to county fiscal and management staff on the technical aspects of budgeting and managing federal and state child care subsidy dollars and regularly schedule quarterly training for new county day care coordinators and social workers on existing and emerging state and national policy such as the Americans with Disabilities Act.
6. The Department of Human Resources should give counties three-month notice on any major policy or administrative changes to allow county input and accommodate any staffing changes required locally.
7. The Department of Human Resources and counties should study the use of transitional child care, simplify policy requirements and coordination for transitional child care, and implement needed changes to ensure full utilization.
8. The Child Day Care Section needs to resume regular monitoring of counties as a way of providing routine on-site technical assistance in the implementation of their child care subsidy program.

DRAFT 10/92

B. County

1. Counties should establish at the local level some internal mechanism for coordinating child care services within the agency and among the JOBS, AFDC, and child care staff such as a day care unit.
2. County child care caseloads should not exceed more than 150 children per worker as recommended in the Model Standards created by the DSS Director's Association.
3. Counties should have staff that specialize in child care within the JOBS, AFDC, and child care program to coordinate policies and the delivery of services to the client.
4. Counties with limited staff capacity should explore the feasibility of using FSA child care funds to create specialized child care staff.
5. All local staff with child care responsibilities, including JOBS, AFDC, and child care staff, should be trained in helping parents choose quality child care in their communities. Every parent should receive both verbal and written materials in how to select child care that meets their family and child needs.
6. Counties should examine the use of direct pay to parents and determine whether vendor reimbursement for all providers is more appropriate and effective.

Findings: Quality

1. Counties had serious concerns about the quality of child care available to families in their community.
2. Two out of five FSA clients use unregulated care, which is not perceived to be adequate to meet the needs of the child.

Recommendations:

A. Department of Human Resources

1. The Department of Human Resources should establish minimum standards for all unregulated care which are consistent with other child care laws, rules and policies.
2. The Department of Human Resources should allow counties to establish local options regarding screening for child abuse and neglect and methods for stopping payments to any provider during a child abuse and neglect investigation or when child abuse and/or neglect is confirmed. Similar local options should be available to counties when there is other danger or harm to children, such as drug abuse, alcoholism, health hazards, continual violation of day care regulation, etc. that are not covered by state statute.
3. The Department of Human Resources should establish different rates (rather than the current two rates) for licensed center, registered family day care, unregulated small family care, and in-home care, paying higher rates for higher quality care.
4. The Department of Human Resources should improve the monitoring of all child care providers and the enforcement of state child care standards by hiring additional staff.
5. The Department of Human Resources should continue to provide all counties with materials for parents on selecting quality child care, and options that are available to parents. The Department should provide ongoing training opportunities for county staff to develop child care skills.

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B. County

1. Counties should establish local options regarding screening for child abuse and neglect and methods for stopping payments to any provider during a child abuse and neglect investigation or when child abuse and/or neglect is confirmed. Similar local options should be used by to counties when there is other danger or harm to children, such as drug abuse, alcoholism, health hazards, etc. that are not covered by state statute.
2. Until statewide minimum standards are established, counties should develop local standards and a method or monitoring all unregulated care to ensure that there are adequate safety and protection of children.
3. All local staff with child care responsibilities, including JOBS, AFDC, and child care staff, should be trained in helping parents choose quality child care in their communities. Every parent should receive both verbal and written materials in how to select child care that meets their family and child needs.
4. Counties should consider contracting with local child care resource and referral agencies to strengthen consumer education efforts and parental choice, provide training opportunities for providers, and agency staff training on child care.

Findings: Availability

1. Child care availability is a problem in almost half of all counties.
2. Almost two out of five counties had concerns about the ability to attract an adequate supply of child care to meet the needs of families eligible for subsidized child care.

Recommendations:

A. The Department of Human Resources

1. The Department of Human Resources should continue to fund Day Care Coordinators positions in areas that underutilize their day care allocation because of lack of capacity to serve clients.
2. The Department of Human Resources should pay reasonable rates for transportation so that clients in rural areas can access good quality care.

B. County

1. Counties should encourage the development of a wide supply of child care to meet the needs of parents by allowing day care coordinators to have the capacity to build and recruit a supply of providers and/or forming a relationship with the local child care resource and referral agency for provider recruitment.
2. Counties should build positive relationships with local child care providers, by providing outreach services to providers regarding child care policies and opportunities for training to promote professional development in child care.

Findings: Affordability

1. Counties cite child care affordability as the number one problem facing families in their communities.
2. Cumbersome and rigid eligibility criteria for day care subsidy under the Family Support Act often means families are either shuffled back and forth between different funding categories, creating a paperwork nightmare for workers, or completely ineligible for subsidy.

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3. Very poor parents are paying for child care when subsidy does not meet the fees charged by their child care provider.

Recommendations:

A. The Department of Human Resources

1. The Department of Human Resources should expand family income eligibility. This should be a phased process that begins by allowing any family currently receiving subsidy to retain eligibility unless their income exceeds 75% of median.

2. The Department of Human Resources should continue to provide match for the FSA child care program to ensure that the working poor have access to child care financial assistance.

3. The Department of Human Resources should establish a statewide market rate that serves as a floor for all counties as intended by the state legislature in 1991 as one approach to improving the affordability of care in rural areas of the state. In areas of North Carolina where market rates exceed the state market rate, county market rates should be established.

4. The Department of Human Resources should allow counties to continue to use non-federal child care funds to supplement FSA and IVA child care rates to ensure that parents have access to all child care in the community.

B. County

1. Counties should establish policies that guarantee the continuation of care for families as long as they are eligible for care regardless of the sources of funds. This is particularly important for those families who leave transitional child care and remain eligible for state day care funds.

2. Counties should continue to examine with the AFDC client whether the use of the child care income disregard deduction limits the parent's choice and access to child care options, and provide other subsidy options if the use of the disregard limits parent choice.

INTRODUCTION

Child care in North Carolina has undergone tremendous changes in recent years with the advent of two major federal child care initiatives: the Family Support Act (FSA) of 1988 and the Child Care and Development Block Grant program of 1990. These initiatives created a tremendous surge in child care services primarily for poor and low-income families who are working, learning job skills, or in educational programs. The number of children receiving child care financial assistance more than doubled in a two year period, from 34,355 children in 1990/91 to a projected 85,440 children for 1992/93. The child care subsidy program budget increased dramatically during this period, from \$36.5 million to more than \$100 million for FY 1992/93.

Although more families than ever have received financial help, the state and county child care system was not prepared to efficiently or effectively handle such tremendous growth and change. Further, these new programs have again highlighted some of the major deficiencies in North Carolina's child care program: the lack of coordinated state policy and local service delivery; problems with health and safety standards; issues of equity between urban and rural areas; and, the tensions between regulated and unregulated care.

This report attempts to examine these changes, and to point the way for improvements in the program. It focuses on the child care subsidy program in North Carolina, and specifically zooms in on the counties which ultimately have the responsibility for delivering these services. We hope that it will be used by state and local policymakers and child care advocates to improve the quality of services for all children in North Carolina.

Study Methodology

In 1992, the N.C. Child Advocacy Institute conducted a statewide survey of all 100 county departments of social services. Counties were asked to describe how they delivered child care services to children and families. As a follow-up to the survey, six counties (Cumberland, Mecklenburg, New Hanover, Orange, Warren, and Yadkin) were identified as having some unique features in the way they delivered child care, and were visited for in-depth interviews. A standard interview form and format were established and used in each of these counties. Interviews were conducted with a team of county staff, usually including the county Department of Social Services Director, an AFDC and/or JOBS Supervisor, a day care coordinator and/or services supervisor, and accounting staff.

Survey responses were received from 82 counties, representing a good cross-section of North Carolina. Counties with JOBS programs had an 88% response rate, while only 64% of non-Jobs counties responded (See Table 1). All non-responding counties were contacted. They cited limited staff resources and the lack of child day care coordinators as reasons for not being able to complete the survey. While findings in this report only speak to the responses received through the surveys and interviews, because of the good response rate and the cross-section of counties responding, in many cases it is safe to generalize these responses to profile North Carolina's child care subsidy county delivery system.

This report is organized to disclose both the survey and interview findings. Within each section survey findings are reported first, followed by any interesting data gathered from the six on-site visits to counties. The data from the survey were examined across all counties in general and then within the constructs of certain divisions. Comparisons were made between counties that had day care coordinators and those that did not, between JOBS and non-JOBS counties, and between high, medium and low spending counties. A high spending county was one that spent over \$600,000 during FY 1991-92, a low spending county was one that spent less than \$125,000 during this same time period, and a medium spending county had expenditures between \$125,000 and \$600,000. There were eleven high spending counties, fifty-eight medium spending counties, and thirteen low spending counties in the survey responses.

OVERVIEW OF CHILD CARE IN NORTH CAROLINA

North Carolina has had a long history of support for child care for working families. The state's large numbers of working mothers, single heads of households, low wages, and childhood poverty has created a growing demand for subsidized child care services. According to the 1990 Census, more than two-thirds (68%) of mothers with children under age six were in the work force, with 475,901 children needing some form of child care because one or both parents work. For these families, child care is the linchpin in the parent's ability to maintain their employment and provide economic security for their children.

Legal Child Care

Child care in North Carolina comes in many different forms. The state legally defines child care based on four factors: number of children in care, duration of care, relationship of children to caregiver, and the place care is provided. Two types of arrangements - day care homes and day care centers - must be regulated.

Small day care homes must be regulated if at least three children unrelated to the caregiver are cared for on a regular basis (at least once a week for more than four hours) at a place other than the children's own home. A maximum of eight children, no more than five of whom may be preschoolers, may be cared for in these settings.

Day Care Centers provide care for more than five preschool children, and again only those programs that provide care more than four hours per day at least once a week must be licensed. These programs are divided into four types by size: large day care home, small day care center, medium day care center and large day care center.

Much child care is exempt from regulation or monitoring by state statute. These include: public schools, seasonal recreational programs, residential camps, Bible schools, cooperative arrangements, homes and centers located on federal property or Indian reservations, and most recently, drop-in care.

Child Care Availability

As of July 1, 1992, North Carolina has 290,196 spaces in regulated care, including licensed center care and regulated family day care. Currently, there are about 143,200 children enrolled in these programs. Although 51,400 children received subsidized child care in 1990/91, 7800 eligible children remained on the waiting list for services as of November 1991.¹ Child care availability varies greatly in North Carolina. Urban areas tend to have the greatest diversity of child care programs, with a larger number of licensed centers and regulated family day care homes. Families and children in rural areas often have fewer options than their urban counterparts. Rural areas tend to have more unregulated care and fewer centers or homes. See Appendix B for a county-by-county comparison of child care availability.

The Cost of Child Care

The cost of child care is an extreme burden for many families, particularly for the working poor. Child care has become the fourth largest item on the family budget, after housing, food, and taxes according to reports from the U.S. House Select Committee on Children and Families. Infant care is the most expensive care for children and ranges from a high of \$411 per month in Mecklenburg County to a low of \$195 in Anson, Montgomery, Robeson and Sampson Counties, or between \$2345 and \$4932 a year. The map in Table 2 shows the variability in cost for child care for two year olds in centers in North Carolina. Again, care tends to be most expensive in the urban areas of the state, and least in the rural areas. It is important to note that the figures reflect the market rate at which the state is willing to reimburse providers, but not necessarily the true cost of care which private parents might be expected to pay. It is also important to note that at an average of \$281 per month, parents are still not paying what it costs to provide quality child care.²

Child Care Quality

The quality of child care services—the program content, staff/child ratios, caregiver qualifications and training requirements, health and safety standards, and program monitoring—is set by state regulations and law. National research clearly shows that quality child care programs can prevent and often reverse the damage that children suffer growing up poor and that all children thrive in a quality child care environment.

Regulated or licensed care provides some measure of quality care. Under the state day care program, parent choice in child care is restricted to only licensed or regulated providers. Under FSA, parents may select any type of care that meets their needs, which may include a licensed center or regulated family day care home, or any legal form of care which could be a relative or individual caring for fewer than three children. According to the Department of Human Resource's own figures for 1991, 24% of all FSA eligible parents select unregulated care.

¹Data on the number of children served and on the waiting lists in county departments of social services comes from the N.C. Child Day Care Section.

²In a 1988 study, the GAO reported that the cost of providing care in a NAEYC accredited center in the South was about \$4,000 a year. The estimated costs in these centers was almost \$4,700 if no in-kind donations were received. Early Childhood Education: What Are the Costs of High-Quality Programs?, January, 1990.

Child care advocates remain concerned about the use of unregulated care because there are no guarantees that these child care providers meet any minimal health and safety standards, including any assurance that the provider does not use corporal punishment nor has a criminal or child abuse history as required for all other types of child care. Children in this type of care are not screened for proper immunizations. No monitoring of this type of care is provided by the state, although counties are bound by JOBS policy to ensure the care and protection of children. The Children's Defense Fund contends, "the Family Support Act fosters poor quality child care that typically fails to provide poor parents basic assurances of safety and reliability and largely ignores the developmental needs of children."³

Currently, the Department's Child Day Care Section has drafted a proposed set of regulations for all unregulated care providers, which allows the use of corporal punishment, and a checklist for parents to use in selecting child care. It is also studying strategies for ensuring child protection from child abuse and neglect. Such proposed changes will require administrative rule changes and perhaps even legislative action in the next session.

THE CHILD CARE SUBSIDY PROGRAM

North Carolina's child care subsidy program has increased dramatically in recent years. Up until 1988, the state had one child care subsidy program, frequently referred to as the Purchase of Care (POC) program that assisted poor and low-income working families, parents, parents in training programs leading to employment, and children needing help because of protective services, child welfare, or developmental disabilities.

In 1988 with the passage of the federal Family Support Act (FSA), the child care subsidy program began to expand to serve families on public assistance who needed child care for employment, training, or education purposes. The Act not only brought about major changes to the welfare system, it guaranteed for the first time that all poor families involved in these new programs were entitled to child care and medical assistance, both during the program and for one year after their involvement ended. Child care was clearly seen by the Congress as a necessary service to facilitate economic independence for poor families.

FSA also opened up the issue of parental choice and the door for the state to subsidize child care in unregulated and unmonitored settings. It was also created two separate child care systems: one for the very poor children on public assistance, and another for children of the working poor. To its credit, North Carolina moved fairly quickly to establish some unifying components including the same market rates for providers. Appendix A provides an analysis of the similarities and differences between the various child care funding sources, and the state's efforts to develop "seamless child care policy and services."

³Child Care Under the Family Support Act: Early Lessons from the States, Children's Defense Fund, April 1992.

In 1991, Congress passed the Child Care and Development Block grant (CCDBG). North Carolina received approximately \$20 million in new child care funds, and 75% or nearly \$15 million must be dedicated to child care subsidy for poor and low-income children and their families. These funds were combined with the existing State Day Care Program. In addition, another small federal program came along in 1991, the Title IVA Amendments for At-Risk Child Care. This program was targeted to non-AFDC families who are at risk of becoming eligible for AFDC.

Program Administration

The state's child care subsidy programs are administered by the Department of Human Resources. Within the Department, the Division of Social Services is responsible for the administration of the FSA Child Care Program. The Child Day Care Section within the Division of Facility Services is the lead agency for the administration of the Child Care and Development Block Grant, and administers all other child care subsidy funds. The various child care subsidy programs are described in the following table.⁴ Currently there are two major programs: the State Day Care Program, which includes four different funding sources, and the Family Support Act Child Care Program which includes federal and state funding sources, and has three different components.

CHILD CARE SUBSIDY PROGRAM IN NORTH CAROLINA

Program Type	Purpose/Eligibility	Funding Sources/Total FY92 # of Children Served
State Day Care (POC)	Families who need child care for: protective services employment training for employment development needs of child child welfare services	CCDBG: \$14,576,415 SSBG: 12,158,899 At-risk: 10,493,731 State: 11,869,496 Subtotal: \$49,098,541 Children Served: 41,239
Family Support Act	JOBS: AFDC Recipient who needs child care to participate in JOBS program. Employed AFDC: AFDC recipient who needs child care to become or remain employed. Transitional: Former AFDC client who loses AFDC eligibility because of earned income.	Family Support Act: Federal IVA: \$34,623,344 State match: 17,780,688 Subtotal: \$52,404,032 Children Served: 44,111

Child Care Subsidy Expenditures

In 1990, North Carolina invested \$36.5 million in state and federal funds to serve 34,355 poor and low-income children, which was one of the strongest investments by southern

⁴Source: Child Day Care Section, Sept. 16, 1992. Presented to the Legislative Study Commission on Child Day Care Issues

states in child care and early childhood development.⁵ The Child Day Care Section projects that for FY92/93, the state will spend over \$100 million to serve 85,000 poor children and their families. North Carolina contributes \$29.6 million, nearly 30% of the total, with the balance coming from various federal sources as indicated. The state allocates these funds to the counties on the basis of a formula that includes these factors: population, child poverty, and women in the work force with children under six.

In FY 1991/92, 11 large counties spent 45% of the total funds available as indicated in Table 3. The allocation of funds and the subsequent expenditure of funds by the counties is a complex and interactive process between the state and counties. Counties receive an initial allocation, and then periodically throughout the year, the state will ask underspending counties to voluntarily revert the funds they do not need so that the state can reallocate these funds to needy counties.

During the 1992/93 fiscal year, counties will be asked to track their expenditures by each source of funds which will allow the state to ensure that it maximizes the use of federal funds and that all funds are expended for the year. This change in budgeting and accounting practices will create additional burden for counties who are already understaffed. Computer technology and capabilities at both the state and county level are extremely outdated for this complex task. The majority of the counties operate their programs manually. At the state level, two separate systems track FSA and state program funds respectively.

Parent Eligibility

Public programs provide full or partial payment for eligible children when the cost of care exceeds a family's ability to pay. The primary objectives of North Carolina's child care subsidy programs are: (1) to support efforts by poor and low-income families to be self-sufficient through employment, and (2) to prevent long-term dependence on public assistance. Except when child care assistance is provided to children receiving protective services or other child welfare services, the parent's income must be within the State's eligibility limits for subsidized child care. The amount of fee a family may have depends on the family income and on the number of persons in the family (see chart below). Parent eligibility is determined by the local county department of social services.

Families earning less than income shown in boxes are eligible					
Family Size					
2	3	4	5	6	7
\$12,996	\$14,184	\$18,000	\$19,380	\$22,284	\$24,000

⁵ According to the Children's Defense Fund, North Carolina ranked 24th in the nation in 1990, investing an average of \$27 per child in child care and early childhood programs. See State Investments in Child Care and Early Childhood Education, March 1991, Children's Defense Fund, Washington, D.C.

The maximum gross annual income for a family of three to be eligible for subsidized care is \$14,184. The current eligibility scale for child care is restrictive, and currently is unavailable for families whose income exceeds approximately 50% of the state median income. Consequently, many of the state's working poor parents are not eligible for child care assistance.

Provider Market Rates

Since 1985 North Carolina has used a market rate approach to determine rates that are paid to some providers for child care services. Market rates are determined for each age group by collecting information on the fees paid by all unsubsidized parents in centers and homes in each county. The market rate for each age group and type of care for a county is established at the 75th percentile of those fees. In small counties where adequate fee information cannot be collected, a regional market rate is established using fees in adjoining counties.

Payment rates for day care homes and centers that have more than 50% of their children receiving subsidy are set at these established market rates. In centers where less than one-half of the children receive child care subsidy, the payment rate is established at the rate the center charges its private unsubsidized parents. The Division of Facility Services establishes the approved rates for each provider and transmits this information to the counties or local purchasing agencies. At this point the purchasing agency, usually a county department of social services, decides whether to pay the provider's approved rate or to pay a lower negotiated rate.

Child Care Voucher

Starting October 1, 1992, the state will begin implementing a child care voucher system for parents receiving child care subsidies. The child care voucher will be given to each eligible parent as a "certificate" that the parent has been determined eligible for assistance by the county department of social services (or the purchasing agency). It does not have a cash value, but the parent may choose whatever child care meets the needs of the family and the child and that provider's rate will be paid by the local agency. All providers must be "enrolled" with the local agency.

This program will phase in between October and December 1992, beginning with those families eligible for the state day care program, although counties may elect to implement the voucher program across all funding sources. By January 1993, the program will be statewide and for all child care subsidy funds.

The voucher proposal has met with mixed reviews in the counties. While there is support for the concept of parental choice and broadening the availability of child care in some counties, there has also been a great deal of controversy. Counties and advocates have raised concerns regarding the administrative difficulties of implementing another major policy change without additional administrative support. Issues regarding the child safety and protection were also raised as there is not yet clear policy for the counties on how to handle situations of child abuse and/or neglect if the parent chooses inappropriate or dangerous care for their child. A policy committee will be formed to examine these issues, and rules have been proposed for consideration by the Social Services Committee. Legislative action may also be needed in this area.

RESULTS FROM THE COUNTIES

Findings: Program Administration

1. County Day Care Staff Specialization: A large number of counties report having staff designated specifically to perform child care services functions: Within counties, specialization of staff with a child care caseload or child care responsibility improves the quality and efficiency of child care services. Most responding counties report either having a day care coordinator (69.5%) or a day care social worker (67%). Only six counties reported having neither a coordinator nor a day care social worker. Eighteen counties have both day care coordinator and social worker positions. Six counties have two or more day care coordinators. All of the eleven high spending counties had specialized day care positions, while only about three-quarters of the low spending counties had this type of specialization. Counties with day care coordinators were more likely to have a more critical assessment of the quality of child care in their communities, a belief that their relationship with the provider community was critical to the success of their program, and a better understanding of the relationship between payment amounts and methods and the availability of care.

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All six counties visited recognized the increasing complexity and need for coordination within their agency structure. Specialization of job functions, to a greater or lesser extent, was the method of choice counties were using to try to develop some control over their growing day care programs. Warren County was just beginning to specialize with the hiring of a day care coordinator using funds from the Child Care and Development Block Grant and a special Z. Smith Reynolds Grant to the county. Orange, New Hanover and Cumberland Counties had specialized day care positions, both within their regular subsidized day care program and within their Family Support Act day care programs. Mecklenburg County contracts with Child Care Resources Inc. (CCRI), a child care resource and referral agency, to operate the county's subsidized day care program. While this agency does not have social workers or coordinators that specialized between the different types of day care funding, the agency has child care information and referral specialists and child care trainers and developers, as well as trained social workers that are available to clients. Yadkin County, a small non-JOBS county, was the only county that we visited that had not yet completely specialized, although they were beginning to see the need to consider moving in this direction.

2. Child Care Services Administrative Workload: Counties cited that they were understaffed and not administratively capable of meeting their client's child care needs. Average day care caseloads are a clear measure of the pressure that counties are experiencing. The D.S.S. Director's Association has recommended that the ideal day care caseload should not exceed 150. Yet 27 counties had caseloads in excess of 150, with 17 counties citing caseloads of 200 or more. Even in counties where the caseloads were less than 150, workers were stretched to their limits with other casework responsibilities in addition to day care.

Three-quarters of the underspending counties said that being understaffed was the main reason that they would not be able to spend their entire day care allocation. Over one-half of all 82 responding counties said that not having enough county staff was one of the biggest child care problems in their county. Similarly, when asked to describe the shortcomings or weakness of their county's child care program, counties most commonly cited the lack of adequate staff.

Counties are clearly experiencing this administrative overload because of the influx of new child care programs and the increased availability of funds. Overwhelmingly (85%), counties said that the Family Support Act had increased their day care caseload. As might be expected 91% of JOBS counties experienced this increased workload, while only 56% of non-JOBS counties cited this as an effect of the Family Support Act. Every high spending county stated that the Family Support Act had increased their day care caseload, while only 69% of the low spending counties felt the increase. Yet, surprisingly, with the impact of this increased workload, only 17% of all counties used FSA funds to create additional day care staff positions.

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Only Warren and Yadkin Counties, the two smaller counties that were interviewed, were not over the recommended D.S.S. Director's Association's caseloads. The four larger counties cited major problems with caseloads, error potential, and staff burnout. The average caseload in these four counties was over 250 per worker. As one county social worker stated, "Paperwork becomes the focal point instead of the client and it should be the other way around." The problem becomes exacerbated when the extremely high caseloads are coupled with Social Worker I positions. The volume of work and already inherent turnover in this job classification creates a staffing nightmare. The problem has escalated to the level that, as one worker stated, "It's become totally impossible to pay providers on time." Counties strongly stated the need to have administrative funding from the state in order to hire the needed staff.

3. Need for Training and Technical Assistance: Nearly two-thirds of the counties report that training and technical assistance provided by the state is inadequate. Counties most commonly reported needing comprehensive training and technical assistance on all of the child care programs, training on the Family Support Act child care, and training on reimbursement procedures. Other areas included child abuse/neglect in day care, monitoring child care, and recruitment of providers.

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The counties that were interviewed reiterated a similar theme. They felt that workers and clients were confused by what they described as "conflicting and cumbersome" policy. While they were quick to say that state policy staff were helpful in answering their specific questions, counties felt they were not given the kind of consistent and intensive training, tools and technical assistance that they needed to do a good job. For example, one county cited that they were not given enough pamphlets for parents on how to choose quality child care. Another county said that they need training and consultation on how to manage their day care dollars.

Counties also indicated that the new accounting and tracking procedures imposed by the state will place hardships on the county. The state is now requiring that counties track their expenditures according to each child care funding sources (CCDBG, At-risk, etc). However, after a county reports to the state, the state will make the final determination for county charges to a particular funding source in an effort to maximize statewide accountability for all child care programs. Each of the counties expressed the desire and need for clarification of policy, particularly the definition of eligible children for each source of funding, and training and technical assistance on accounting and budgeting aspect for the child care program. One large county said, "In ten years, we've never put a child out of day care because we have been able to manipulate the different pots of money locally. What will happen to children on our waiting lists, or when we max out of one particular funds and can't place an eligible child even though we have the funds elsewhere?"

4. Coordination of Child Care Programs: The majority of counties report there is no "single access point" for child care services within the county department of social services. The expansion of the child care program via the new federal programs has resulted in a maze of new policy at the state and local levels. One of the results has been that the counties have had to develop internal mechanisms and procedures for coordinating the various programs, particularly child care services for FSA-eligible families and non-FSA families (those eligible for child care through the state day care program). For most counties (60.5%), these programs remain separate, with families receiving AFDC and eligible for FSA child care entering through the income maintenance side of the agency, while other income-eligible families go directly to the day care coordinator or other dedicated child care staff.

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Despite these separate program functions, county staff recognize the importance of integrated policies and programs to ensure that families receive quality services. The importance of child care service integration is essential to a family's successful transition from the welfare dependency to independence. "Seamless" child care is the goal, so that a family continues to receive child care services as long as they remain eligible without disruption to their child's child care program. For large counties, coordination of policies and services is critical because the volume of families served requires formal linkage to ensure accountability and service quality. Coordination required major initiatives in Cumberland, Mecklenburg, New Hanover, and Orange counties. By comparison, in smaller, less developed counties such as Yadkin and Warren, child care is much more informal. County staff know providers by name and often have worked previously with the families. So when problems arise--whether a provider is late with a report, or a parent fails to pay a provider--such issues can be worked out between workers.

Orange, New Hanover and Mecklenburg counties have attempted to coordinate their policies and services. In New Hanover county, staff from the JOBS program, AFDC unit, and state day care program meet bimonthly to coordinate their efforts so that both the agency and the public of parents and providers know that policies and services are unified. Staff envision the development of a day care unit which would bring together all child care services, including clerical and fiscal child care services, within the agency. Mecklenburg county through Child Care Resources Inc. already operates in this way, with a central child care unit for all subsidized services, and centralized referral services for

parents also. Orange County has a day care unit that includes the day care coordinator, FSA child care specialist, and specialized day care workers. This unit meets monthly with income maintenance and JOBS staff to develop agency child care policy and facilitate training and coordination.

5. Expenditure of Funds: Two out of five counties predicted that they would not spend their SFY 1991/92 child care allocation. In addition to not having enough county staff, counties said that they would not spend their money because they did not receive information about their increased allocation until relatively late in the fiscal year. Most counties were not assured of their final allocation until September, which did not allow them time to develop community or internal staff resources to meet the needs. One-third of the counties expecting to underspend said that they did not have the day care slots available in their community.

When looking at the actual FY 1991-92 expenditures, high spending counties were most likely to spend their day care allocation (81.8%). Low spending counties were least likely. (See Table 4) This finding indicates that counties where there are the greatest expenditures have the greatest capacity to use their dollars. These counties tend to have specialized day care staff, a developed day care provider community, and the highest market rates in the state. In fact, the average market rates for three year olds in these eleven high spending counties is 25% higher than the rates in all of the other counties.

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Four of the six counties interviewed were in the high spending category. All said that their 1992-93 allocation was not enough to meet their county's need for day care subsidy. During FY 1991-92 Cumberland County received a dramatic increase in their day care allocation because of the implementation of the new allocation formula. They were unable to spend all of their money, but offered a number of explanations for this problem. First, within the context of day care allocations, Cumberland was suffering from "fifteen years of neglect." They had to increase their administrative and provider capacity to serve their families needing child care. They had a depressed day care market because of a number of closures of centers a few years ago, when Cumberland had to terminate the majority of its day care caseload. But the county has successfully met the challenge and is already overspending their FY 1992-93 allocation. The two smaller counties, Yadkin and Warren, reported that their day care allocation was about right to meet their county's need.

6. Payment Rates: A large number of counties (41%) do not pay center providers the rates that appear on their approval notices. Almost one-half of these counties negotiate different rates with different providers. Of those counties that purchase care from day care homes, only 21% do not pay providers their approved rate. Historically, counties have chosen to pay lower rates as a mechanism to stretch limited dollars. However, 19 of the 33 counties that pay lower center rates are counties that did not spend all of their day care allocation. There is no information to explain why counties that are underspending would also attempt to control provider rates.

Under the Family Support Act, day care providers can only be reimbursed at the county market rate. About one-fourth of the counties have opted to pay providers their higher allowable rates with other funds, when a parent chooses more expensive care. About

40% of counties that do not have this practice believe that by limiting payment rates at the county market rate, parental choice has been limited in their county.

Site Visits:

Of the six counties visited, only two, Cumberland and Mecklenburg, chose to use state dollars to supplement the allowable rates under the Family Support Act. However, both counties presented strong arguments about why this was done. In Cumberland County, providers were refusing to take children funded through FSA, and so in order to allow these children to access the same care as other children receiving day care subsidy, their Social Services Board decided to allow rate supplement. In Mecklenburg rate supplement was also seen as an issue of maximizing parental choice. The limitation of payments to the 75th percentile "makes a mockery of parental choice and limits poor children from accessing the highest quality of care available in the community," according to one day care coordinator.

7. Payment Methods: Counties generally use direct provider reimbursement for JOBS clients. Under the Family Support Act, counties are using a combination of payment methods to meet their client's needs (See Table 5). Eighty-nine percent of JOBS counties use direct provider reimbursement for JOBS client. Yet about one-half also make day care payments directly to their clients. This method is used by about two-thirds of the counties with AFDC and Transitional clients. Thirteen counties (16%) do not ever pay parents directly for their child care expenses. Three-quarters of the counties continue to use the AFDC disregard for AFDC clients.

Of the 68 counties that do use the direct payment of parents method, two-thirds describe problems. Almost all of the counties state that providers experience difficulty getting paid. Over 60% of these counties also state that providers complain that they lack clear information about client eligibility. High spending counties (89%) were much more likely to cite problems with this method than low spending counties (45.5%). The problems with this payment method are so significant that sixteen counties report that providers are refusing to serve FSA children. Some of the counties that do not use direct payment stated that it was problems with this method that forced them to eliminate the practice.

Site Visits:

All counties visited, with the exception of Warren, described problems with direct payments made to parents and felt that this option should be eliminated. Counties reported that for the most part clients preferred vendor payments, as did the providers.

Recommendations: Program Administration

A. Department of Human Resources

1. The Department should immediately create a statewide coordinated, seamless system of child care for all child care policies and programs to ensure that all families and children receive high quality services, and provide technical assistance and training to the counties on how to achieve a local system of coordinated child care services.

2. The Department of Human Resources should report annually on the impact of the various federal and state child care programs on the quality, availability, and affordability of child care in the state and by county.
3. The Department of Human Resources should develop an integrated statewide computer management information system for the various child care subsidy programs with on-line capacity for the counties.
4. The Department of Human Resources should provide administrative dollars to counties for the purposes of staffing, training, or other improvements in the quality of the delivery of child care services. With the growth in child care funding, caseloads have skyrocketed making it impossible for counties to do an adequate job in determining family eligibility. This needs to happen whether or not a state-administered system is developed and implemented.
5. The Department of Human Resources should provide training to county fiscal and management staff on the technical aspects of budgeting and managing federal and state child care subsidy dollars and regularly schedule quarterly training for new county day care coordinators and social workers on existing and emerging state and national policy such as the Americans with Disabilities Act.
6. The Department of Human Resources should give counties three-month notice on any major policy or administrative changes to allow county input and accommodate any staffing changes required locally.
7. The Department of Human Resources and counties should study the use of transitional child care, simplify policy requirements and coordination for transitional child care, and implement needed changes to ensure full utilization.
8. The Child Day Care Section needs to resume regular monitoring of counties as a way of providing routine on-site technical assistance in the implementation of their child care subsidy program.

B. County

1. Counties should establish at the local level some internal mechanism for coordinating child care services within the agency and among the JOBS, AFDC, and child care staff such as a day care unit.
2. County child care caseloads should not exceed more than 150 children per worker as recommended in the Model Standards created by the DSS Director's Association.
3. Counties should have staff that specialize in child care within the JOBS, AFDC, and child care program to coordinate policies and the delivery of services to the client.
4. Counties with limited staff capacity should explore the feasibility of using FSA child care funds to create specialized child care staff.

5. All local staff with child care responsibilities, including JOBS, AFDC, and child care staff, should be trained in helping parents choose quality child care in their communities. Every parent should receive both verbal and written materials in how to select child care that meets their family and child needs.
6. Counties should examine the use of direct pay to parents and determine whether vendor reimbursement for all providers is more appropriate and effective.

Findings: Quality

1. Quality: Counties had serious concerns about the quality of child care available to families in their community (See Table 6). Child care provided in day care centers was ranked best, with 55% of counties believing that the quality in centers was adequate to meet the needs of children and families. However, 25 counties cited that high turnover of caregivers in centers was a problem and one-fourth of counties had concerns about inadequate staff/child ratios. One in five counties also believed that inadequate monitoring and poorly trained teachers were a problem.

Counties were somewhat more concerned about the quality of care in day care homes, with over one-half of the responding counties describing the care as inadequate. Three reasons for this inadequacy were described by over one-third of the counties. These include inadequate monitoring by the state, poorly trained caregivers and the lack of appropriate child development activities provided for children by day care home providers. High spending counties as well as counties with day care coordinators were far more likely to see the care provided by both day care homes and in unregulated settings as inadequate.

Unregulated care raised the greatest level of concern for county child care staff. The majority of counties indicated concerns regarding the lack of child development activities. That caregivers are not trained and that there is not enough monitoring.

Site Visits:

The site visit counties confirmed these findings. The quality of unregulated care, which is allowed under the FSA, was the most pressing issue, and several counties had at least one "horror story" to share: the provider who herself had a confirmed child abuse history; the provider who under several aliases was being paid for taking care of her own children; the grandmother who was taking care of six children, all of whom were her grandchildren while their mothers participated in the JOBS program. State policy on the health and safety of children was cited as being frustrating, inconsistent, or absent. A number of counties raised concerns about the state's unwillingness to provide counties with a check against the Central Child Abuse registry of names of child care providers to screen for known perpetrators because of confidentiality. Others cited the county responsibility and liability under the JOBS program to ensure the health of safety of individual child care providers, yet there are no state standards for these providers.

Consequently, counties are left to determine their own procedures for ensuring child safety. In Cumberland and Yadkin counties, all individual child care providers are visited by child care staff before vendor payment is approved. New Hanover county staff are

working on the development of a "safe child" protocol. In the words of one county director, "the (child care) payment is our stamp of approval, and will be perceived that way by the general public regardless of parental choice. We will be held accountable if anything happens to that child." Some counties, including Orange county, only use direct payment to parents when parents choose unregulated care to remove the county directly from the payment between the parent and their child care provider. To improve the quality of care, county staff recommended that the state should maintain a set of standards for all providers, provide more monitoring and investigation of providers through counties, and set different rates for different types of care.

2. Quality: Two out of five FSA clients use unregulated care, which is not perceived to be adequate to meet the needs of the child. Only in low spending counties that do not offer child care options for families is there any belief that this type of care is adequate. For the most part, counties are very concerned about the lack of monitoring, the lack of caregiver training and the lack of appropriate child development activities in these unregulated settings.

Indeed, these are our poorest children and families in our communities who are using these types of arrangements, and who need the highest quality care to meet their physical, social, and development needs. Yet because of unclear and conflicting policy objectives, we have relegated many young children to the most inadequate care our state can provide.

Site Visits:

All of the counties we visited described problems with the quality of unregulated care as reported earlier. At the state level, information provided by the Division of Social Services reveals that about 24% of all FSA families used unregulated care. Despite these differences, state policymakers also recognize the concerns expressed by counties regarding unregulated care. As one county person stated, "If child care is going to put a child at risk, then you're going to undo any gains made possible by child care."

In the site visits, staff reported that most FSA families have already chosen their child care by the time they discuss their eligibility and child care options with county staff. FSA families who choose unregulated care, which includes family members and neighbors, often do so because it is less expensive and perceived to be most convenient. However, county staff also recognize that the turnover in these types of caregiver arrangements is more frequent, and often fails to meet either the parent's or child's needs over the long run. When FSA families experience child care problems, they are more likely to request center-based care, which provides more consistency and stability.

The lack of quality child care referrals and parents not knowing what child care exists may also contribute to the use of unregulated care by FSA families. We observed that the JOBS and AFDC county staff providing referral services usually were not child care experts and lacked even simple brochures and other resources to help families select child care in their communities. Little training has been provided by either the county or the state to prepare them for how to help parents choose child care in their communities. Mecklenburg's CCRI agency provides "one stop shopping" for all parents because of its in-house referral service that is collocated with its subsidy program. Orange and Yadkin

county staff have developed a special program for AFDC families. Every six months, at the time of group review, county staff provide families with various short programs on child development and choosing child care which includes a checklist and brochures on health and child care. One-on-one counseling and consultation for families is also available at this time. Yadkin also pointed enthusiastically to the assistance it received from the Work Family Resource Center, a child care resource and referral agency in Winston-Salem, which helps the agency with parent consumer information and referral, and provider training.

Recommendations: Quality

A. Department of Human Resources

1. The Department of Human Resources should establish minimum standards for all unregulated care which are consistent with other child care laws, rules and policies.
2. The Department of Human Resources should allow counties to establish local options regarding screening for child abuse and neglect and methods for stopping payments to any provider during a child abuse and neglect investigation or when child abuse and/or neglect is confirmed. Similar local options should be available to counties when there is other danger or harm to children, such as drug abuse, alcoholism, health hazards, continual violation of day care regulation, etc. that are not covered by state statute.
3. The Department of Human Resources should establish different rates (rather than the current two rates) for licensed center-based, registered family day care, unregulated small family care, and in-home care, paying higher rates for high quality care.
4. The Department of Human Resources should improve the monitoring of all child care providers and the enforcement of state child care standards by hiring additional staff.
5. The Department of Human Resources should continue to provide all counties with materials for parents on selecting quality child care, and options that are available to parents. The Department should provide ongoing training opportunities for county staff to develop child care skills.

B. County

1. Counties should establish local options regarding screening for child abuse and neglect and methods for stopping payments to any provider during a child abuse and neglect investigation or when child abuse and/or neglect is confirmed. Similar local options should be used by to counties when there is other danger or harm to children, such as drug abuse, alcoholism, health hazards, etc. that are not covered by state statute.
2. Until statewide minimum standards are established, counties should develop local standards and a method or monitoring all unregulated care to ensure that there are adequate safety and protection of children.

3. All local staff with child care responsibilities, including JOBS, AFDC, and child care staff, should be trained in helping parents choose quality child care in their communities. Every parent should receive both verbal and written materials in how to select child care that meets their family and child needs.
4. Counties should consider contracting with local child care resource and referral agencies to strengthen consumer education efforts and parental choice, provide training opportunities for providers, and agency staff training on child care.

Findings: Availability

1. Availability: Child care availability is a problem in almost half of all counties. While 47% of the counties believe that parents are generally able to find the child care that they want, 45% reported a variety of reasons parents could not find the child care they desired. About two-thirds of these counties said that child care was unavailable because services were full or there were too few options for the type and/or location of the care the parents need. In low spending counties, only 14% stated that they believed parents could access the child care they need, while over one-half of the medium and high spending counties felt parents could access care. Over one-half of the counties concerned about the lack of available child care attributed the problem to the affordability of the care. These counties said care was unavailable because it was too expensive for parents and there was a waiting list for subsidy.

Transportation to and from child care services is a problem in non-urban parts of the state. Five small and medium spending counties cited the lack of transportation as a major problem in the delivery of child care services in their counties.

Site Visits:

Ensuring an adequate supply of child care is central to a parent's ability to find child care that meets their needs as well as their child's. A critical ingredient for success is good relationships with providers. Cumberland has created a special committee of agency staff and providers to promote good relationships and clear understanding of the changing policies. Orange County meets with providers monthly, and Mecklenburg has a special provider advisory committee. Other counties point to other supports, like training and outreach, to keep providers in the system.

None of these counties, with the exception of Mecklenburg via its contract with CCRI, had the capacity to actively develop new child care to meet the needs of parents and children for child care in the community at-large. Most relied on either a local child care resource and referral agency to develop child care in the community or referenced the pre-licensing workshops efforts conducted by the state and county on how to become a licensed or regulated child care program.

However, the counties did actively try to recruit existing providers to serve additional subsidized children. Orange County worked with the school system so that child care programs would become licensed and thus eligible to serve subsidized children. In Mecklenburg County, Corporate Champions through CCRI provides start-up and training grants for family day care providers and day care centers. In Cumberland, sometimes the parents themselves bring new providers into the system, and providers taking FSA children are encouraged to meet the standards for the state day care system.

In Warren County the need for more centers to be located in different parts of one county or for more centers to provide transportation was seen as critical for the delivery of child care in their rural county.

2. Availability: Almost two out of five counties had concerns about the ability to attract an adequate supply of child care to meet the needs of families eligible for subsidized child care. Again, this was seen as a much more significant problem by the low spending counties, where only 31% said they could attract providers to work with subsidized children. In general, counties reported a variety of reasons for this problem (See Table 7). Almost one-quarter of all counties believe that they are unable to attract providers to work with the day care subsidy program because providers do not want to accept government funds and the accompanying regulations. Seven North Carolina counties recognized that providers in their community were not willing to work with children of color.

At various points throughout the survey, counties described the needs for specific types of child care to meet parental needs. For example, eighteen counties said that the lack of child care for sick children is such a problem that it impedes a significant number of FSA clients from attending JOBS activities or maintaining employment.

Site visits:

All of the counties described shortages of child care for certain types of care. In Mecklenburg, for example, infant care and school-age care are difficult to find. Other counties also cited the need for shift care, particularly when parents rotate from one shift to another. However, for the larger and more developed counties, the issue of child care availability for subsidized children was not a serious problem. These counties all had the capacity to serve eligible families, even if more money was available, and had a larger and more diversified child care supply. The questions for these large counties was whether or not they had adequate financial resources to meet the needs. Counties with waiting lists (Orange, New Hanover, and Mecklenburg) were particularly likely to link child care availability with affordability: that is if funds were available to support the needs of poor and low-income families, finding child care to meet their needs would not be a large concern.

Recommendations: Availability

A. The Department of Human Resources

1. The Department of Human Resources should continue to fund Day Care Coordinator positions in areas that underutilize their day care allocation because of lack of capacity to serve clients.
2. The Department of Human Resources should pay reasonable rates for transportation so that clients in rural areas can access good quality care.

B. County

1. Counties should encourage the development of a wide supply of child care to meet the needs of parents by allowing day care coordinators to have the capacity to build and recruit a supply of providers and/or forming a relationship with the local child care resource and referral agency for provider recruitment.
2. Counties should build positive relationships with local child care providers, by providing outreach services to providers regarding child care policies and opportunities for training to promote professional development in child care.

Findings: Affordability

1. Affordability: Counties cite child care affordability as the number one problem facing families in their communities. It is interesting to note that 91% of high spending counties, which spent almost 45% of the state's entire day care subsidy budget, still cite the lack of enough subsidy to meet the needs of families in their community as one of their biggest problems. Of particular concern to counties is the unmet subsidy needs of low income, employed parents. Almost one-half of the counties said that they were not adequately meeting the needs of eligible subsidy target populations. Of these, over one-half described employed parents as the most seriously neglected target group. Only five counties rank employed parents as their number one target population, while 59 counties have identified day care for children needing protective services as their first priority.

Site Visits:

Three counties, Mecklenburg, New Hanover and Orange counties currently have waiting lists for day care subsidy totalling over 2,000 children. Families on these lists have been screened for eligibility and almost all need child care in order to work or go to school. In addition, every county visited reported that the single biggest gap in services was the lack of provision of day care subsidy to the working poor. Because income eligibility has not substantially changed since 1980, many very poor working families are not able to qualify for assistance with their child care costs. Only Warren County, with funds from their county's Z. Smith Reynolds grant, and Orange County, which has a large private day care subsidy program through United Way, have any significant resources available to address this unmet need.

2. Affordability: Cumbersome and rigid eligibility criteria for day care subsidy under the Family Support Act often means families are either shuffled back and forth between different funding categories, creating a paperwork nightmare for workers, or completely ineligible for subsidy.

Site Visits:

All counties except Warren described the limitation of one year child care eligibility under the Transitional Program as a major problem. "All we do is pull the rug out from these clients after one year." There is no consistent county policy that automatically moves a client receiving Transitional Child Care to the State Subsidy Program at the end of the year. In cases where the county is willing to automatically continue subsidy with other funds, because of the state's restrictive income eligibility requirements, many Transitional clients are just beyond the income eligibility criteria. One county described this process as a revolving door.

Counties shared their concerns about particular gaps in eligibility within the Family Support Act. Under the category where day care is offered to AFDC clients who are employed concerns were raised about (1) clients having to wait for child care subsidy for the 45 days until the AFDC is approved, (2) the unavailability of child care subsidy for AFDC clients looking for work, and (3) the limitation of child care subsidy to only those children in the family receiving AFDC. The situation often cited that requires workers to shift clients from FSA to State Day Care Program and back again occurs when a family's income increases with the receipt of a one time child support payment, making them temporarily ineligible for AFDC and also Transitional Child Care. Under the JOBS program, counties questioned why a client should have to wait until the assessment was completed for full child care benefits, if the client already had a demonstrated need for the child care. Finally, counties were concerned that clients who apply for AFDC while on Transitional Child Care lose their child care benefit.

3. Affordability: Very poor parents are paying for child care when subsidy does not meet the fees charged by their child care provider. Parents receiving subsidized child care are assessed fees based on their income and family size. A fee is set based on what the family can afford to pay for child care. One disturbing finding from this study is that many parents receiving FSA child care are being asked to pay fees to make up the difference between what the center is reimbursed and what the center charges. Almost 40% of counties (23) that do not make up the difference between the county market rates and what the center charges report that parents are expected to pay the difference. Very poor parents are having to bear the burden of this policy.

Recommendations: Affordability

A. The Department of Human Resources

1. The Department of Human Resources should expand family income eligibility. This should be a phased process that begins by allowing any family currently receiving subsidy to retain eligibility unless their income exceeds 75% of median.

2. The Department of Human Resources should continue to provide match for the FSA child care program to ensure that the working poor have access to child care financial assistance.
3. The Department of Human Resources should establish a statewide market rate that serves as a floor for all counties as intended by the state legislature in 1991 as one approach to improving the affordability of care in rural areas of the state. In areas of North Carolina where market rates exceed the state market rate, county market rates should be established.
4. The Department of Human Resources should allow counties to continue to use non-federal child care funds to supplement FSA and IVA child care rates to ensure that parents have access to all child care in the community.

B. County

1. Counties should establish policies that guarantee the continuation of care for families as long as they are eligible for care regardless of the sources of funds. This is particularly important for those families who leave transitional child care and remain eligible for state day care funds.
2. Counties should continue to examine with the AFDC client whether the use of the child care income disregard deduction limits the parent's choice and access to child care options, and provide other subsidy options if the use of the disregard limits parent choice.

CONCLUSIONS

The federal Family Support Act and Child Care and Development Block Grant have brought major resources and challenges to North Carolina, which has had tremendous impact on the county child care delivery system. All of the counties welcomed the new resources for poor children and families. County staff are the front line, and are all too painfully aware of the acute community needs for child care as families struggle to balance the realities of work and family life. In the face of rapid expansion, complex and often conflicting federal and state policies, and without any additional administrative or service capacity, counties are doing a remarkable job of rising to the challenges brought about through these initiatives. In the words of one county director, "These new child care mandates have forced us to reach our potential in productivity!"

This report on county child care policies and practices reveals most clearly that the majority of counties are unable to adequately respond to the diversity of parent needs and system challenges as the child care service delivery system has expanded in recent years. There is widespread agreement among the counties that the lack of county staff, the maze of child care policies that remain fragmented, the high cost of child care, and the scarcity of subsidized child care despite the tremendous growth are serious problems facing counties (See Table 8).

From an administrative perspective, counties do not have staff in adequate numbers or sufficiently trained to meet the new challenges created by these new child care initiatives. Counties claimed their greatest weakness or shortcoming is that they are understaffed to effectively administer the child care program. Adequate staff who are trained and who are specialized is a bottom-line component necessary for effective clients services. The most striking evidence to support this conclusion is that the counties and the state will underspend the resources they do have for financial assistance, and that parents cannot find affordable child care in their communities. This occurs at the same time some counties identified there were not enough funds to adequately meet the needs of children.

Counties also believe the success of their child care program hinges on internal coordination across all child care programs to ensure that parents and children receive the services to which they are eligible and continuity across programs when their eligibility status changes. This is particularly important for the FSA Program as counties cite fragmentation within the agency and the different rules, regulations, and funding requirements as major obstacles. It is essential for a county agency which has responsibility for a comprehensive child care program, in which families may move from welfare dependency to self-sufficiency with child care as the glue that holds the family together. While the goal of "Seamless Child Care" (in which all policies are coordinated so that children and families do not feel the impact of the different regulations as they move from one funding source to another) is a worthy goal, it is not yet within county reach. Until the state unifies child care policy and procedures and makes counties a partner in this process, children and families will continue to experience a maze of services and counties will continue to be unduly burdened by an ever-changing policy arena.

There are also service gaps that need to be closed. Within the FSA child care, counties documented that many families fall through the cracks in child care policy: those families who receive a one-time income boost and become temporarily ineligible; families who never receive help through transitional child care services; or those who reach the transitional child care cliff and return to welfare support because there is no child care assistance unless they go to the end of the waiting list for services. As striking is the gap in services for the working poor who struggle to stay employed yet are barred from any child care assistance because of waiting lists or the constricted eligibility guidelines which closes the door to help. A seamless child care policy should address these gaps and shortcomings.

Last, but certainly not least, the new federal initiatives again spotlight the inadequacy of current policy to address quality child care. One of the greatest challenges facing the state and the counties is to achieve a balance in policy that seeks to balance parental choice in child care, and the best interests of the child. Perhaps most distressing to the counties is the use of unregulated care and the absolute lack of even minimum health and safety standards for these child care providers, regardless of whether the provider is a relative or a neighbor down the street. All children should be guaranteed protection and safety, and parents too need to be assured that their children have access to the same standards of care that any child receives in our state. Counties are struggling to build policies and procedures to address their concerns for quality and to ensure that children are protected from abuse and neglect, substance abuse by providers, and other situations that may harm children. The poor children of our state deserve the highest priority for state and local attention on this issue.

Appendix A

NORTH CAROLINA STATUS REPORT: HOW COORDINATED OR "SEAMLESS" IS THE STATE CHILD CARE SYSTEM?

Child care in North Carolina is a maze of policies and services, administered by several different state agencies. One of the major goals of the Department of Human Resources has been to develop a "seamless" child day care system which would coordinate the various policies and programs and ensure that parents experience a smooth transition from one program to another as long as they remain income eligible for any of the subsidy programs. How close are we to achieving this goal? The Institute looked at a check list of key issues identified by the Children's Defense Fund, a national organization that has studied state efforts to develop coordinated child care services, and evaluated North Carolina's progress on these issues. The "Yes" answers below indicates success in reaching these goals, and a "No" answer shows areas needing improvement.

Parent Eligibility and Sliding Fee Scales

NO Yes

- ✓ 1) Parent eligibility is coordinated so that all poor families needing child care subsidies are covered.

- ✓ 2) As eligibility changes for a family, transition can be made from one program to another without disruption in the child care arrangement.

- ✓ 3) Sliding fee scale and parent copayment are equal.

- ✓ 4) There is a single place, process, or form through which families can find out about and apply to all programs for which they are eligible.

1) Except for Transitional Child Care (TCC), the Child Day Care Section has implemented the same eligibility scale for all programs. The county department of social services (or purchasing agency) determines parent eligibility for the various programs which begin with families who are on public assistance to the working poor, which is capped at approximately \$14,000 for a family of three (see p. 6). Child care subsidies are also available to children who need child care for protection or because of developmental disabilities regardless of family income. As of October 1, 1992, a voucher program will be phased in beginning with new families eligible under the state day care program. A voucher will be given to each eligible parent which demonstrates that a parent has been determined eligible for child care assistance.

Eligibility for TCC is different from eligibility for the state day care program. Under TCC, any family is eligible for up to one year of child care assistance regardless of family income, according to federal regulations. A family of three, for example, could make \$15,000 a year and receive assistance under TCC, but would not be eligible under the state day care program. In essence, some families on TCC reach a cliff after one year when they may still need child care help, but no longer qualify.

2) When a family's income or status changes, there is no set state policy for continuing the care, which leaves the decision to local county policy. The situation is most problematic for families who conclude their one year of eligibility on the Transitional Child Care program, but remain eligible for other child care subsidy programs. In some counties, these children continue in care and the agency takes responsibility for continuity. In other counties, parents must reapply for services and/or children go to the end of the waiting list. The result in some cases is that families return to public assistance in order to qualify for help.

3) The same sliding fee scale is used across all funding streams. Certain target populations such as families on AFDC or families receiving protective services are not required to pay a fee.

4) Poor and low-income families usually apply for help at the local county department of social services. However, families on public assistance are typically seen by an income maintenance worker or the JOBS worker who determines parent eligibility and provides child care information and referral. Families who are eligible for other child care programs, but not on public assistance, are referred typically to the county day care coordinator or other child care staff for help.

Child Care Resource and Referral

No Yes

√ All families receive resource and referral assistance in choosing child care.

Very few county departments of social services (or purchasing agencies) contract with a Child Care Resource and Referral program to help parents in their process of choosing child care in the community. The exception occurs in three counties that contract out the subsidy program to a local CCR&R agency, where "one-stop" shopping is available to the parent in both purchasing and choosing child care.

The level of information a county provides to parents regarding child care varies greatly across the state and even within agencies. Those counties that have specialized child care staff, day care coordinators, or relationships with local child care resource and referral programs tend to have more resources and expertise available to help parents find and choose child care to meet their needs.

Reimbursement Rates and Payment Mechanisms

No Yes

- √ 1) Reimbursement rates for child care providers are the same across all programs.
- √ 2) There is a mixture of payment mechanisms to offer parental choice and meet the needs of the family.

1) The reimbursement or payment rate structure is based on county market rates. There is a single market rate structure for centers and for family day care homes. These market rates vary by the child's age and by the area of the state. As required by state law, the maximum payment to a day care center depends on the ratio of subsidized to nonsubsidized children enrolled in a program: when the majority of children are nonsubsidized (category A centers), the subsidized care rate may be the same rate the center charges for nonsubsidized child care. When at least half of the children are subsidized with public funds (category B centers), the state payment is limited to the county market rate. Under the state day care program, child care can be reimbursed up to the provider's rate for a category A provider. Under the FSA and the Child Care and Development Block Grant, care can only be reimbursed up to the market rate. A combination of state and federal regulations and county options determine how much of each payment rate is fundable by each funding source.⁶

2) Under the FSA, the state allows county option on the payment mechanism depending on the preference of the parent. Parents may choose "direct pay" where they are responsible for paying the provider, or "vendor payment" whereby the provider is reimbursed for child care services by the county or purchasing agent. Under the state day care program, only vendor payment is allowed.

Standards and Monitoring

No Yes

- ✓ 1) Standards are the same for all child care programs.
- ✓ 2) All programs receive the same type of monitoring and enforcement.

1) There are great differences between standards for regulated and unregulated care, and among child care programs. These differences were exacerbated with the advent of the FSA child care programs, which allowed parents receiving child care subsidy to choose unregulated care, including relatives and neighbor care. These types of providers do not have to meet any child care standards, although draft proposals have been developed by the CDC Section. Currently, these same type of providers when used by parents under the state day care program are called individual care arrangements and must meet minimum health and safety standards and be approved by the local department of social services or purchasing agency. Family day care home providers must register with the state to provide services, and are required to meet additional health and safety standards. No training or education is required of this type of provider. Finally, center-based care is subject to the greatest standards which cover provider qualifications and training, the child care facility, program content, children's health and safety, and record-keeping.

2) Currently, child care centers are monitored twice a year with one unannounced visit, and other visits when a complaint is made. Family day care home providers are inspected

⁶See Child Day Care Information for the Legislative Research Commission on Child Day Care Issues, February 12, 1992 for a discussion on the various founding sources and provider payment rates.

bi-annually or when a complaint is made. Under FSA, no monitoring of individual child care providers is required, although under the JOBS program counties must ensure the care and safety of children in these settings. Under the State Day Care program, individual child care arrangements must be approved by the county.

Training and Salaries

No Yes

- ✓ 1) Same training requirements for all providers.
- ✓ 2) Providers working in different child care programs receive different salaries which are related to educational background or professional experience.

1) Staff in child care centers are required to meet annual training standards which include up to 20 contact hours of approved training. A voluntary child care credential is now available through forty community colleges in the state. There are no training requirements for regulated family day care providers other than completion of a first aid course. No training is required of unregulated child care providers.

2) Salaries in child care programs average \$4.50 per hour for staff in child care centers, and as a result, turnover of teachers is about 40% annually. Salaries for child care providers are often a function of county market rates or what parents pay. However, research on working conditions in child care in North Carolina does demonstrate that programs do recognize the importance of training by routinely paying teachers more as education increases. There is no state-level child care career ladder, nor any incentives for providers to be paid based on education or training. A demonstration scholarship program is currently being tested which ties increased education to increased pay.

APPENDIX B: AVAILABLE CHILD CARE, COST AND EXPENDITURES

County	No. Centers July 92	No. Children in Centers	No. Homes July 92	No. Children in Homes	Center Rates Two Year Olds	FY 1991-92 Expenditure
Alamance	46	2,119	47	209	\$281	\$583,165
Alexander	10	340	14	72	\$286	\$123,463
Alleghany	4	145	7	38	\$238	\$108,015
Anson	13	265	35	161	\$185	\$169,282
Ashe	9	352	1	8	\$238	\$90,131
Avery	10	130	2	5	\$260	\$43,313
Beaufort	18	861	16	104	\$281	\$290,304
Bertie	7	263	3	17	\$260	\$170,952
Bladen	14	456	6	18	\$173	\$232,786
Brunswick	17	552	25	134	\$281	\$207,601
Buncombe*	124	4,363	84	350	\$238	\$381,996
Burke	38	1,025	17	81	\$217	\$196,827
Cabarrus	48	2,378	50	213	\$268	\$396,915
Caldwell	30	917	26	117	\$238	\$387,697
Camden	1	20	1	6	\$260	\$13,508
Carteret	17	949	14	82	\$247	\$211,964
Caswell	5	132	4	17	\$238	\$162,467
Catawba	57	3,001	52	297	\$262	\$715,238
Chatham	19	292	40	184	\$260	\$162,538
Cherokee	15	268	8	37	\$238	\$36,153
Chowan	8	202	9	54	\$260	\$149,307
Clay*	5	117	1	5	\$238	\$97,750
Cleveland	38	1,228	22	123	\$217	\$322,928
Columbus	24	1,065	19	110	\$195	\$339,505
Craven	26	1,684	33	180	\$238	\$317,347
Cumberland	108	5,565	112	563	\$244	\$1,008,169
Currituck	8	196	0	0	\$260	\$122,319
Dare	8	309	19	75	\$281	\$194,390
Davidson	48	1,946	73	370	\$251	\$374,646
Davie*	13	262	21	100	\$238	\$58,942
Duplin	25	470	28	139	\$260	\$258,960
Durham	113	4,624	204	698	\$338	\$1,240,308
Edgecombe	28	1,135	23	113	\$208	\$324,184
Forsyth	119	4,535	88	339	\$281	\$933,797
Franklin	17	510	11	59	\$325	\$205,913
Gaston	94	3,201	25	99	\$255	\$618,096
Gates	2	40	8	55	\$260	\$40,817
Graham*	8	104	2	8	\$238	\$67,873
Granville	10	348	37	167	\$303	\$150,491
Greene	10	242	4	25	\$260	\$155,324
Guilford	148	4,935	187	635	\$336	\$2,124,764
Halifax	19	515	13	59	\$227	\$230,060
Harnett	30	825	32	159	\$227	\$222,137
Haywood*	31	770	5	19	\$234	\$65,071
Henderson	36	1,579	17	66	\$268	\$299,741
Hertford	13	443	9	49	\$217	\$138,603
Hoke	14	512	7	32	\$217	\$178,676
Hyde	5	135	0	0	\$260	\$112,362
Iredell	46	1,825	48	204	\$251	\$261,794
Jackson*	22	695	10	53	\$238	\$47,550
Johnston	47	1,688	55	273	\$217	\$299,309
Jones	4	132	4	16	\$260	\$83,046

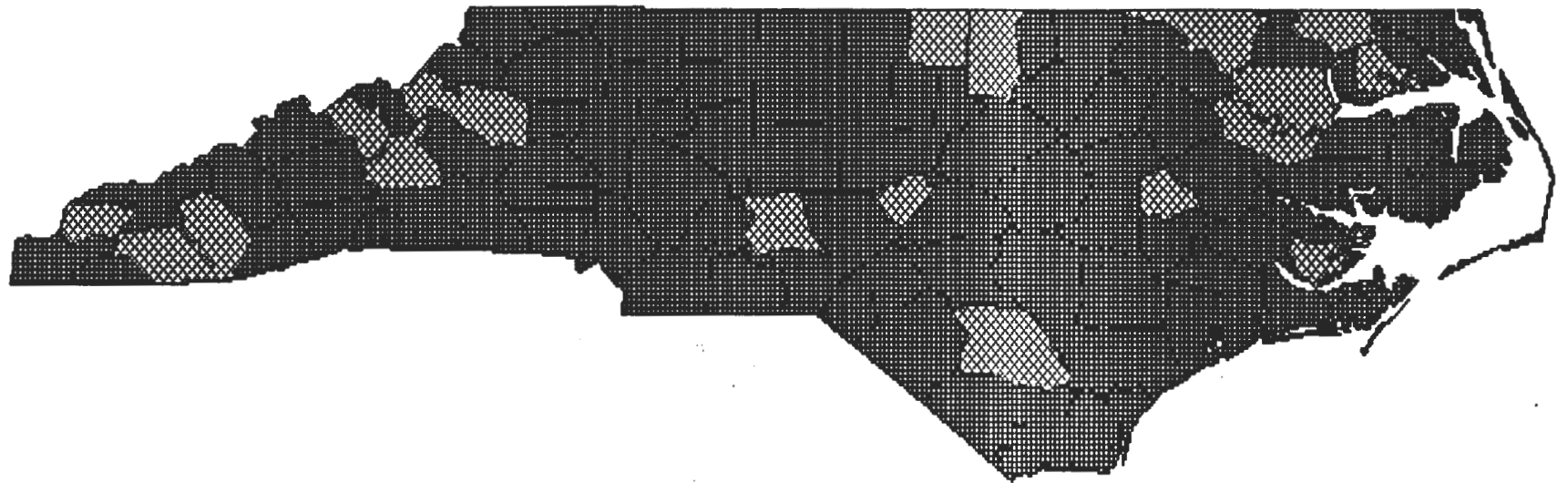
County	No. Centers	No. Children	No. Homes	No. Children	Center Rates	FY 1991-92
	July 92	in Centers	July 92	in Homes	Two Year Olds	Expenditure
Lee	29	767	34	150	\$238	\$213,185
Lenoir	28	1,083	20	81	\$217	\$233,589
Lincoln*	24	1,073	7	39	\$273	\$279,382
Macon	13	348	16	58	\$238	\$103,894
Madison	6	128	9	30	\$238	\$237,494
Martin	15	463	11	66	\$217	\$99,313
McDowell	15	519	9	40	\$206	\$122,397
Mecklenburg	349	16,648	372	1,218	\$377	\$6,482,899
Mitchell	9	161	5	18	\$238	\$21,319
Montgomery	10	323	3	13	\$182	\$98,680
Moore	39	926	47	219	\$303	\$308,555
Nash	35	1,744	23	115	\$251	\$338,257
New Hanover	59	3,237	65	313	\$294	\$754,876
Northampton	9	116	5	23	\$260	\$189,015
Onslow	33	1,821	57	270	\$238	\$459,589
Orange	56	2,165	71	293	\$403	\$606,437
Pamlico	5	150	8	35	\$260	\$119,027
Pasquotank	18	461	7	36	\$217	\$69,584
Pender	14	466	19	80	\$260	\$182,383
Perquimans	4	116	0	0	\$260	\$93,513
Person	10	283	30	135	\$238	\$147,461
Pitt	55	2,524	51	229	\$260	\$355,537
Polk	11	182	1	0	\$238	\$79,854
Randolph	47	1,632	39	181	\$238	\$250,484
Richmond	24	874	8	40	\$217	\$239,614
Robeson	47	2,187	24	119	\$186	\$371,883
Rockingham	31	772	26	85	\$217	\$236,020
Rowan	44	1,752	40	199	\$251	\$224,300
Rutherford	19	720	11	54	\$238	\$201,607
Sampson	28	718	22	117	\$195	\$142,358
Scotland	24	569	20	84	\$238	\$186,438
Stanly	29	1,041	44	208	\$251	\$170,884
Stokes	17	437	19	104	\$281	\$113,804
Surry	29	1,144	31	173	\$199	\$236,688
Swain*	11	322	0	0	\$242	\$83,385
Transylvania	16	576	0	0	\$217	\$329,632
Tyrrell	2	36	1	4	\$260	\$1,071
Union	56	2,042	49	246	\$238	\$235,385
Vance	25	845	19	87	\$247	\$278,693
Wake	198	11,587	316	1,251	\$340	\$1,410,408
Warren	6	127	6	31	\$238	\$267,003
Washington	6	164	9	32	\$260	\$149,755
Watauga	16	547	7	21	\$251	\$166,346
Wayne	52	1,961	33	180	\$242	\$443,751
Wilkes	20	648	34	162	\$260	\$412,494
Wilson	23	1,493	16	68	\$238	\$263,223
Yadkin	25	624	20	92	\$238	\$150,345
Yancey	7	35	4	15	\$238	\$59,175
STATE	3,277	129,222	3,246	14,011	\$281	\$33,949,480

*Actual expenditures in these counties is unknown, as counties give their allocation to a state level contract.

TABLE 1

COUNTIES RESPONDING TO CHILD CARE SURVEY

1A-7

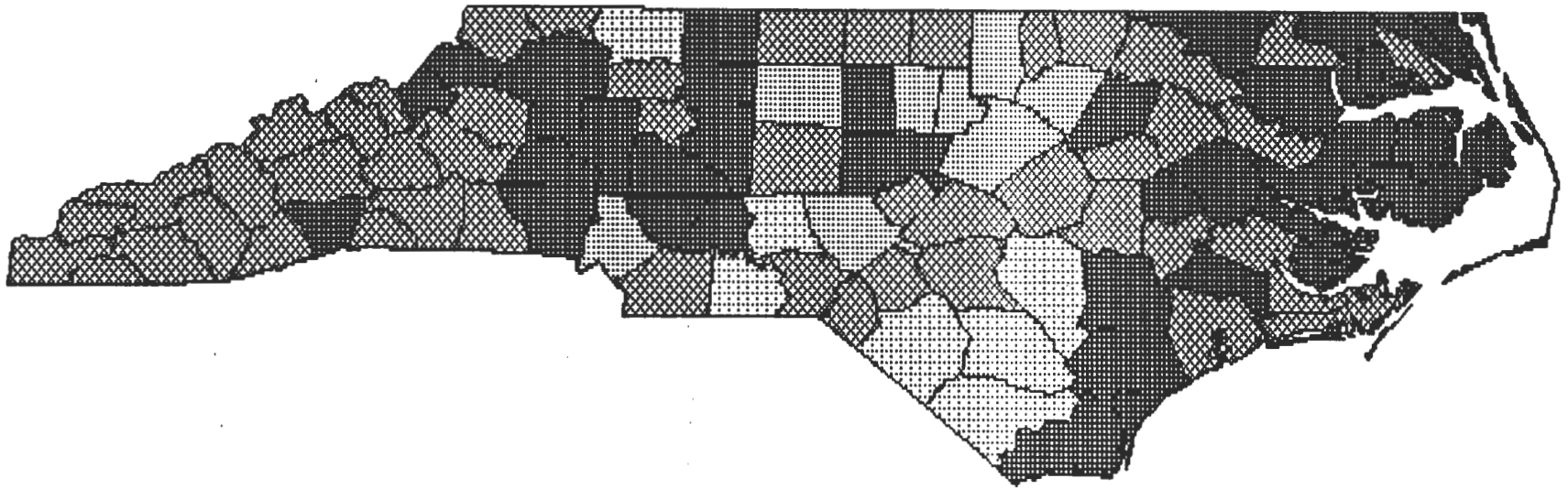


RESPONDING COUNTIES	
■	Responding County
▣	Nonresponding County

TABLE 2

CENTER RATES FOR TWO YEAR OLDS

State Average: \$281 per month



74-7





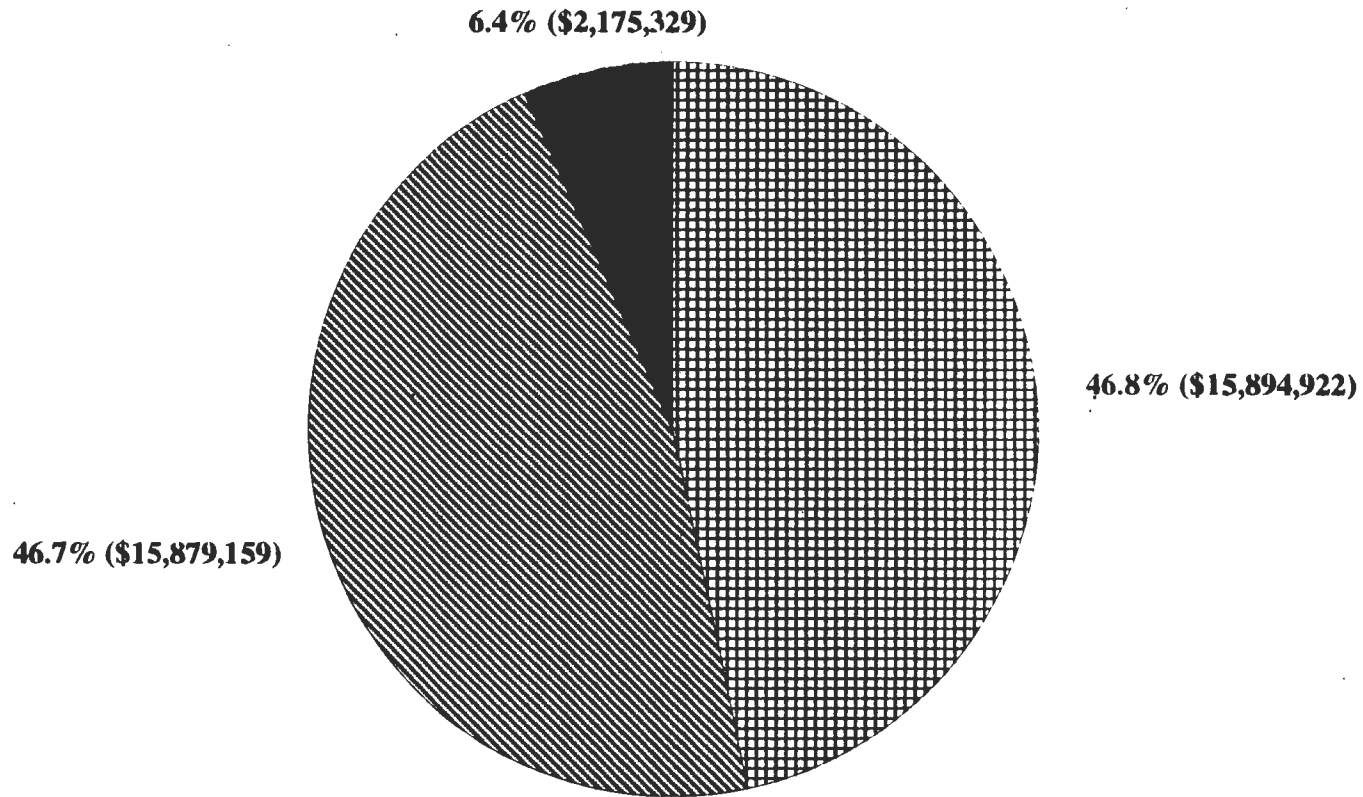
Center Rates for 2 Year Olds	
	Less than \$200 per month
	Between \$200 and \$250
	Between \$250 and \$300
	Between \$300 and \$400

TABLE 3

Distribution of FY 1991-92 Day Care Expenditure



▣ 10 Counties Over \$600,000

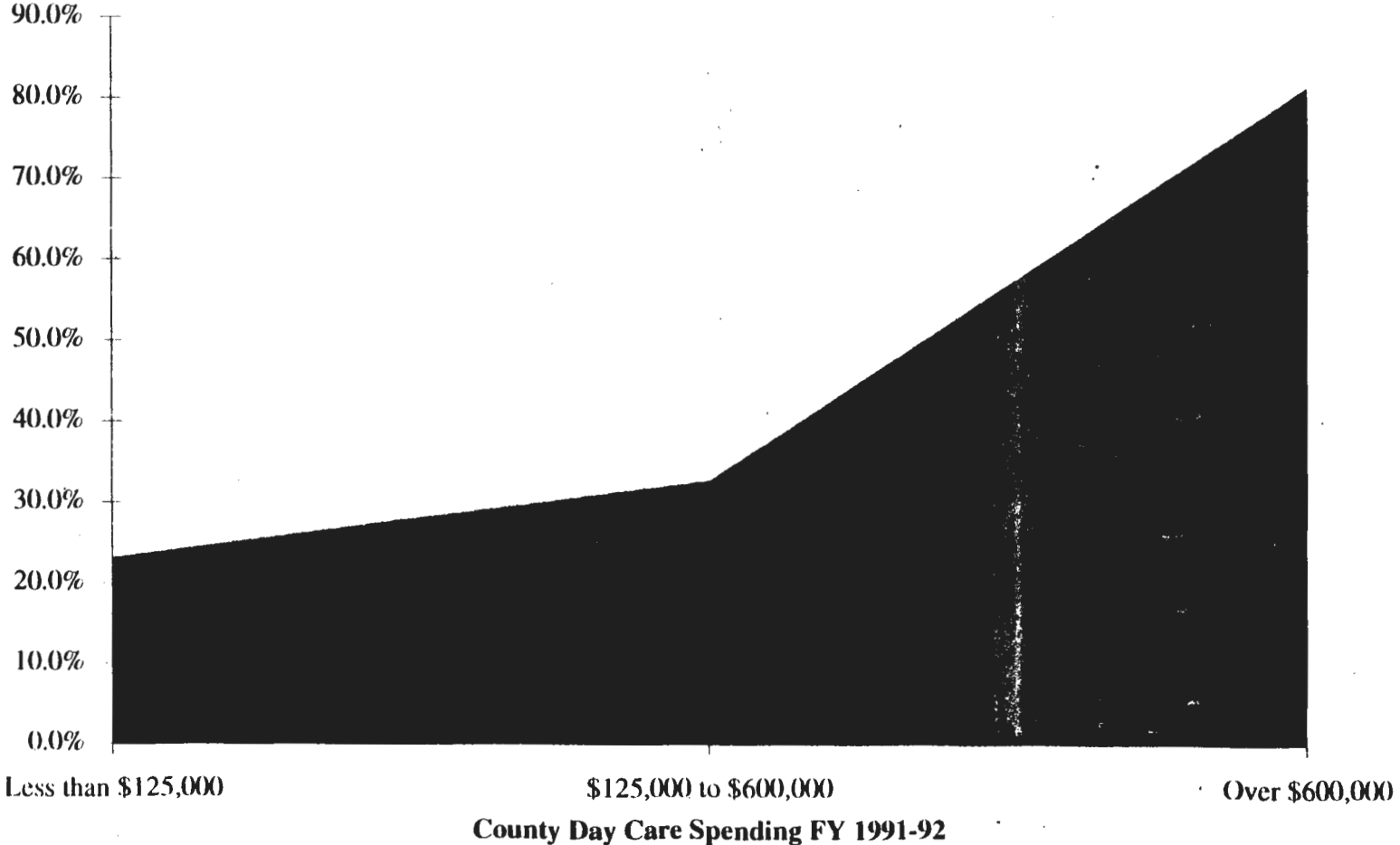
▨ 62 Counties Between \$125,000 & \$600,000

■ 28 Counties Under \$125,000

*Buncombe County Not Included in Counties Spending Over \$600,000

TABLE 4

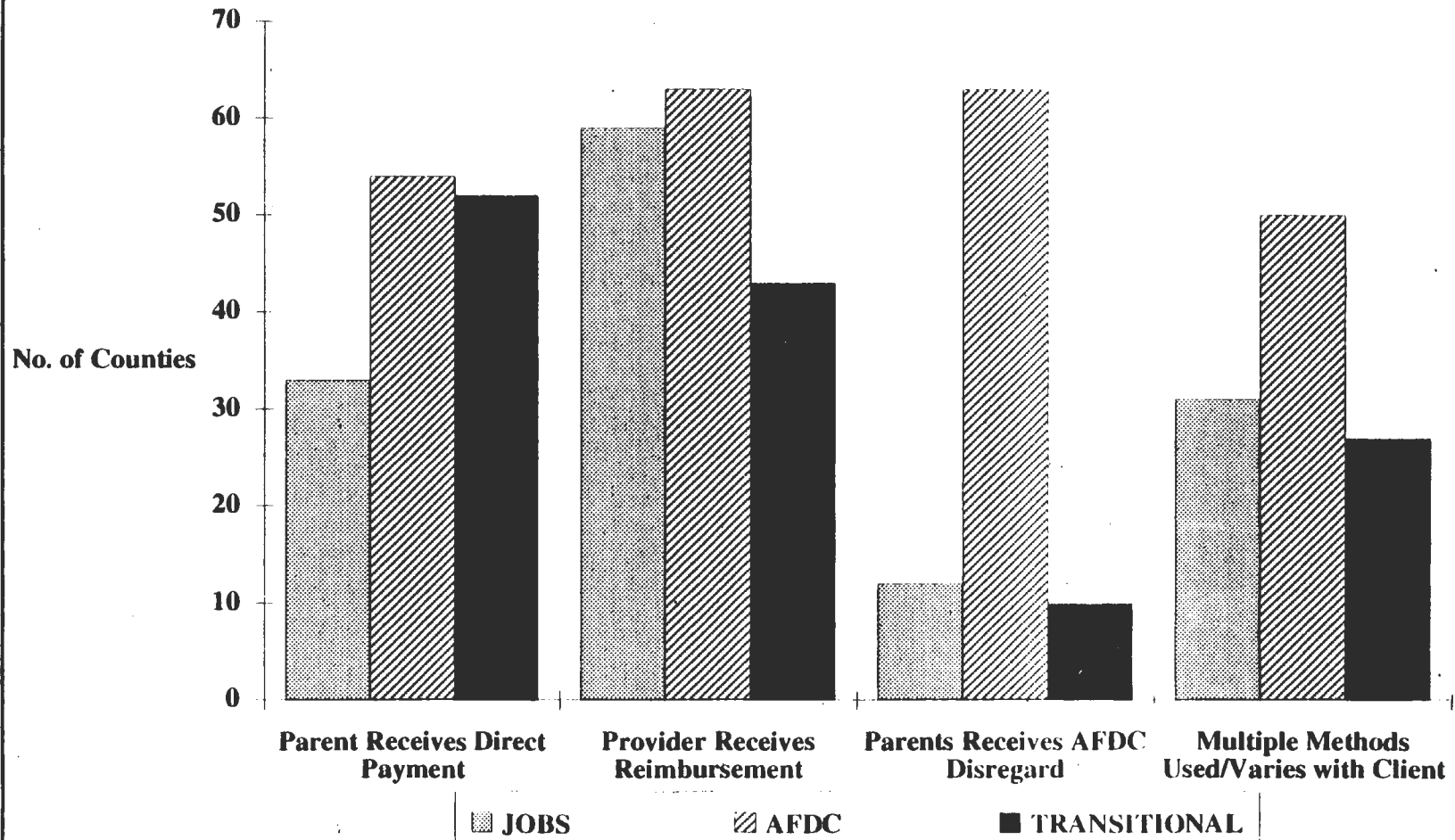
Percent of Counties Who Spent Their Initial Day Care Allocation by Actual End of Year Expenditure



C-47

TABLE 5

Payment Methods Used By Counties for FSA Families



8-45

TABLE 6

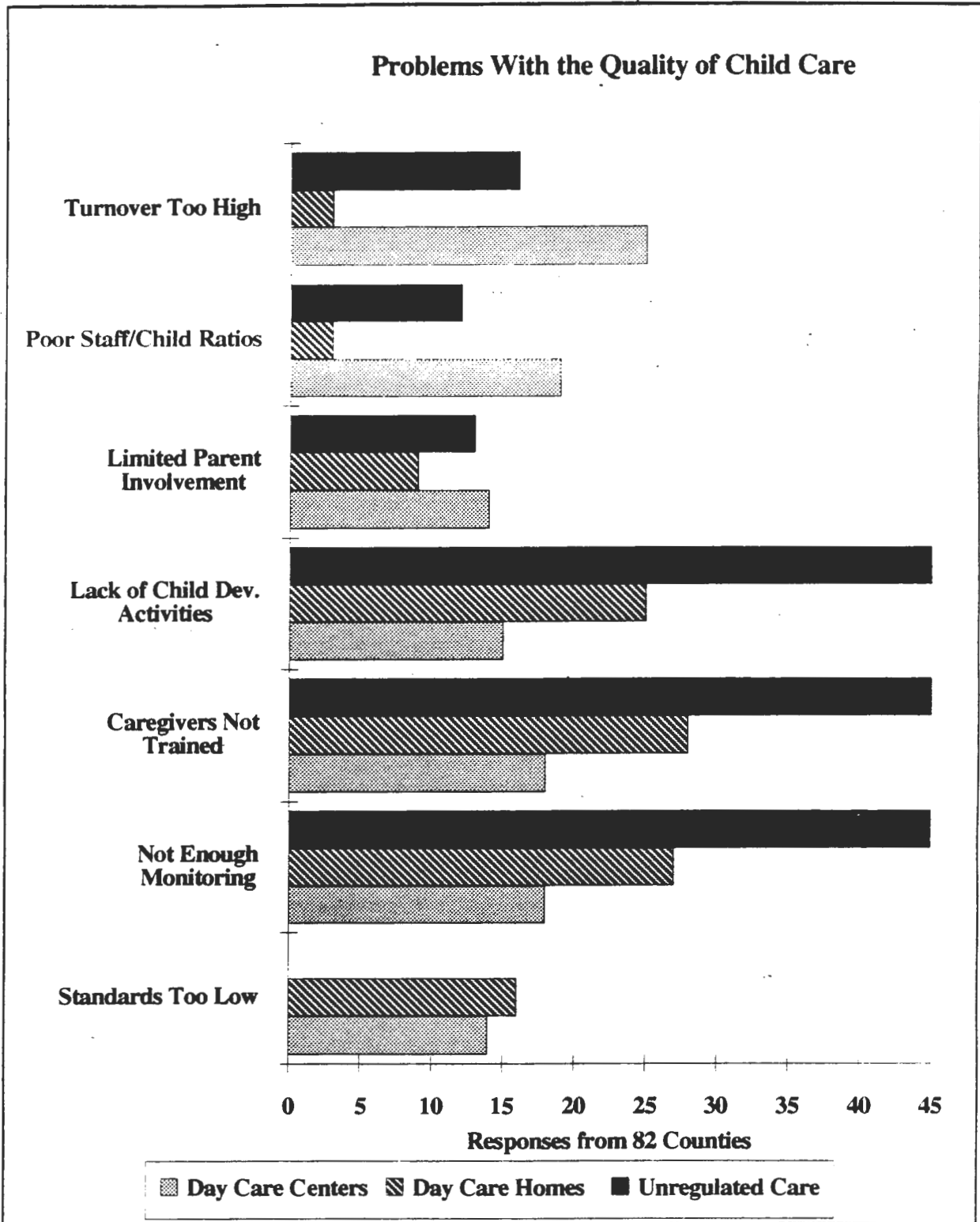
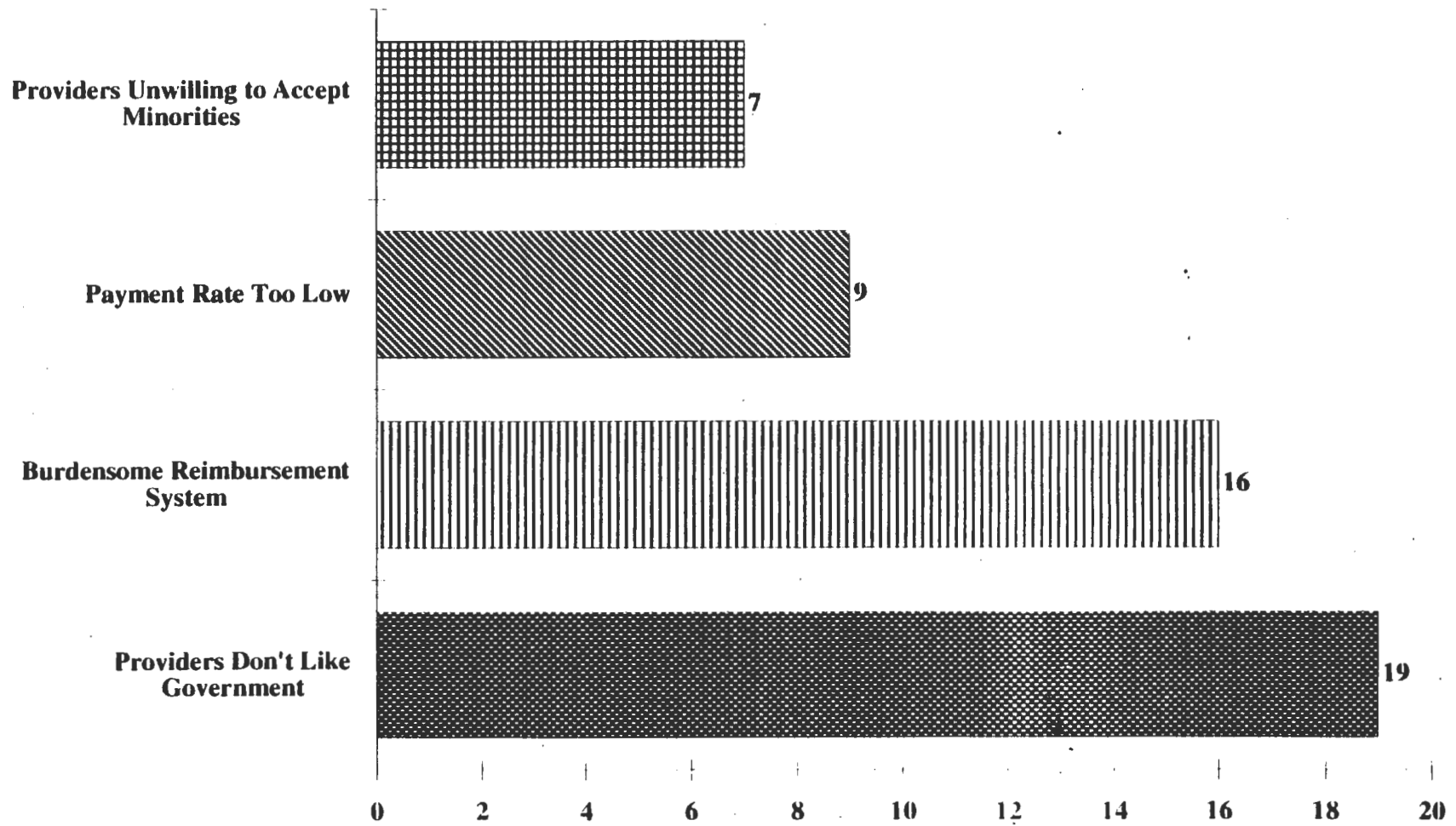


TABLE 7

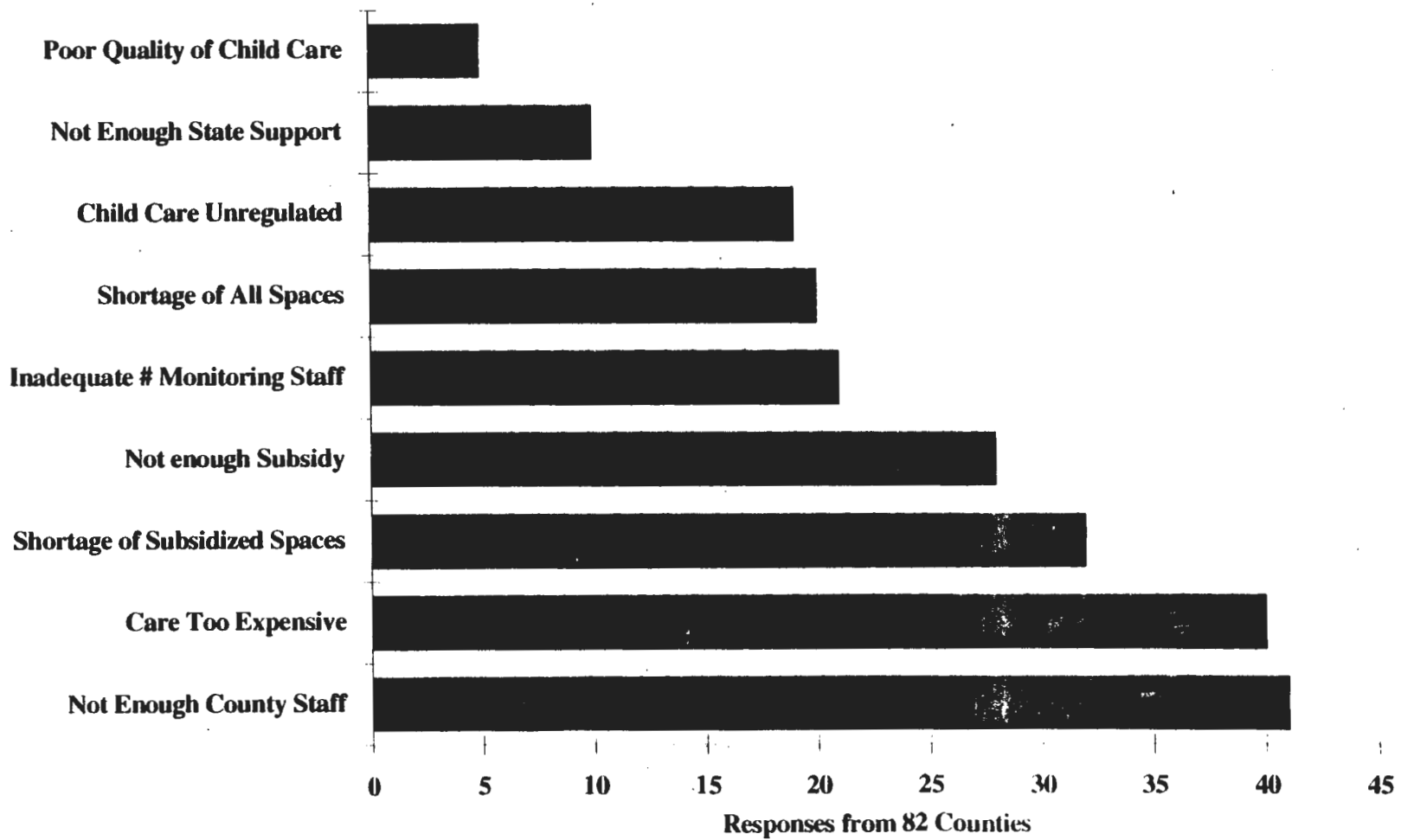
Counties' Perceptions of Why Providers Will Not Work with Subsidy



8-4-7

TABLE 8

Counties' Perceptions of Problems in Child Care



84-7

Subsidized Child Care in North Carolina

Prepared by:

Richard M. Clifford
Jana Fleming

Frank Porter Graham Child Development Center
University of North Carolina at Chapel Hill

December 31, 1992

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Introduction

The National Conference of State Legislatures contracted with researchers at the Frank Porter Graham Child Development Center to examine current methods of funding child care programs in North Carolina. The specific purpose of this project was to research and write a report for the North Carolina Legislative Day Care Advisory Committee specifying ways the state of North Carolina can maximize its use of federal and state dollars to support a quality child care system. The objectives of this study, which guided the procedures and analysis, included:

- Identifying and defining the unique characteristics of each funding source available to North Carolina for child care services;

- Examining the flow of funds and the relationship among the funding sources at the federal, state, and local levels;

- Determining specific problems associated with implementing a child care system that assures continuity of providers and services; and

- Recommending options for financing and administrative structures that would allow North Carolina to maximize its resources to provide a more coordinated, effective, and

accessible system of child care.

This report is organized into several sections. Following a brief presentation of the background of this project, the major subsidized child care programs in North Carolina are described and expenditure data are presented. Problems with the current system of child care are discussed with reference to the unique characteristics of the various funding sources. Finally, specific administrative difficulties are addressed through a discussion of recommendations providing alternative administrative structures and uses of funds intended to improve the child care system in North Carolina.

Background

In 1991, increased levels of federal child care funding became available to all states as a result of major child care legislation enacted by Congress. In North Carolina alone, funds for child care nearly doubled in fiscal year 1991-1992. These increases came at a time when North Carolina was seeing a growing demand for subsidized child care. That demand continues to grow as the new programs are fully implemented. The number of children who received subsidized child care increased by 40% from fiscal year 1990-1991 to fiscal year 1991-1992. The large increase in child care subsidies along with the growing demand for care makes it necessary for North Carolina to adopt new

approaches to address its child care needs.

With the onset of new federal and state programs, North Carolina's child care system has been faced with new administrative challenges. The existing publicly subsidized child care system in North Carolina combines several sources of state and federal funds. Most of the funding programs were established and currently operate independent of one another. The result is that we have a complex system in which goals, policies, and requirements vary and often conflict. For example, among the programs, many inconsistencies exist in eligibility criteria, method of payment, and payment rates. Consequently, families in need of services often have difficulty getting served or having service maintained over time. Additional problems result because North Carolina has a system of child care that is state supervised though county administered. Child care policy is directed by several state and local policy making bodies and there has been little integration of child care policy development and administrative direction. This situation has made it difficult for the appropriate state and local agencies to administer programs effectively.

In an effort to provide solutions to some of these problems, an intensive examination of the state's use of funds for child care and early educational services has been conducted. Over a six month period, a variety of state agencies administering child care and early educational services were contacted to review their policies and

expenditure data. A large amount of information was obtained from relevant documents as well as through interviews with staff in state and local agencies serving children and families, the legislature, and the Governor's office. In this report, general information is presented regarding the various funding sources and expenditures for child care services in North Carolina and areas are identified that are currently interfering with the state's ability to provide a consistent system of child care. The purpose in reviewing this information was to aid in making suggestions for policy initiatives to address resolving some of the problems in the current system of child care in North Carolina.

Child Care Funding Sources in North Carolina

There are a variety of programs currently involved in financing child care services in North Carolina. The programs vary in both their intended purpose and scope. In general, these programs fall into one of the following categories. (A) Programs focused solely on providing subsidies for child care to low income families to enable parents to work, look for employment, obtain training and education to improve their ability to enter the workforce, or as a part of services to protect a child and/or to increase family stability. These include child care under the Title IV-A Family Support Act, Title IV-A "At Risk"

child care, and Title XX Social Services Block Grant child care. (B) Programs focused more generally on improving the educational, health, and social status of children from disadvantaged backgrounds. For example, child care provided under the Child Care and Development Block Grant, Head Start, Head Start Wrap-Around care, Chapter 1 pre-kindergartens, Even Start, Chapter 2 Elementary and Secondary Education Act preschool programs, and the Child and Adult Care Food Program. And (C) Programs focused on providing early educational experiences for children with disabilities, such as the Developmental Day Care Program.* In addition, the state provides funds to expand child care services in an effort to address further the needs of families. A brief description of each of these subsidy programs is provided below. Programs are considered to be either an *entitlement* or are *discretionary*.

Entitlement programs are ones for which all eligible families are entitled by law. These programs are intended to provide low-income families with financial support for child care services until the family is financially self-sufficient. Entitlement programs discussed here include child care under the Title IV-A Family Support Act, Title

* The scope of this project does not allow for thorough coverage of child care subsidies available to children with disabilities. In North Carolina alone, there are potentially 50 different sources of funding available to provide services to deal with the disabilities of children identified with handicaps. The only program included in this discussion is the Developmental Day Care Program.

IV-A "At Risk" child care, and the Child and Adult Care Food Program.

Child Care under the Family Support Act - Federal funds are available for child care to families eligible for Aid to Families with Dependent Children (AFDC) that meet conditions outlined in the federal Title IV-A Family Support Act (FSA). FSA funds are administered by the U.S. Department of Health and Human Services, through the North Carolina Department of Human Resources Division of Social Services. Implemented in 1988, the FSA guarantees child care to certain AFDC recipients and former recipients. Appropriations for these FSA entitlements are open-ended (i.e., not capped). The state is required by law to provide child care services if requested by eligible families. FSA child care assistance allows parents to choose any legal day care operator or individual. Payments are limited to the provider's actual charge, not to exceed the county market rate. (The designated "market rate" cannot be more than the 75th percentile of fees charged in the local market.) The state is required to contribute approximately one-third of the total payment. Four FSA entitlements offered in North Carolina are described below.

Employed AFDC Child Care - AFDC recipients who are working are entitled to child care assistance if it is needed. In addition, AFDC recipients who are waiting to begin

employment in a confirmed job may receive child care assistance for up to one month. Financial assistance is available to pay for child care services and other required fees. Payment may be issued to the AFDC recipient directly, may be applied as an earned income deduction, or may be issued to the provider directly. If the parent chooses the earned income deduction, the child care payment is deducted from the parent's income when determining continued eligibility for AFDC each month. (This is often referred to as an income "disregard.") The maximum child care deduction is \$175/month for children ages 2 and over and \$200/month for children under the age of 2.

JOBS Child Care - AFDC recipients who are participating in the State Job Opportunities and Basic Skills Training (JOBS) Program are guaranteed assistance in securing and paying for child care. Financial assistance is available to pay for child care services and other required fees. (Under the JOBS Program, financial assistance is available to pay for child care related transportation costs. Assistance to cover those costs is not part of the FSA entitlement.) Payment may be issued to the JOBS participant directly or to the child care provider.

Teen Parent Child Care - AFDC recipients who are teenage parents (ages 13-19) enrolled in elementary or secondary school or a GED program are entitled to child care

assistance if it is needed. The parent must be living with the child who needs care. Financial assistance is available to pay for child care services and other required fees. In counties that have JOBS programs, teen parents may participate in JOBS and receive additional child care benefits. For teen parents not participating in the JOBS Program, payment is issued to the child care provider. For teen parents participating in the JOBS Program, payment may be issued to the child care provider or to the parent directly.

Transitional Child Care - Former AFDC recipients who became eligible for AFDC because of an increase in earned income or in number of hours employed can receive child care assistance for up to 12 months. The parent must have received AFDC in 3 of the 6 months immediately preceding ineligibility and became ineligible for AFDC within the last 12 months. Parents are expected to contribute a co-payment based on income eligibility. (A \$5/month minimum is charged.) Financial assistance is available to pay for child care services and other required fees. Payment may be issued to the former AFDC recipient directly or to the child care provider.

Title IV-A At-Risk Child Care - Non-AFDC recipients who work and would otherwise be at risk of AFDC dependency if child care were not provided are entitled to financial support for

child care services. These funds, available since 1990, are a capped entitlement not an open-ended one; within the limits of the appropriation, they are available to all eligible families. "At-risk" funds are administered by the U.S. Department of Health and Human Services, through the North Carolina Department of Human Resources Division of Facility Services Child Day Care Section. Parents may choose the child care provider, however, the provider must be approved. Payments are limited to the provider's actual charge, not to exceed the county market rate. The state is required to contribute approximately one-third of the total payment. Parents are expected to contribute a co-payment based on income eligibility. (When a fee is required, there is a \$5/month minimum.) Financial assistance is available to pay for child care services, child care related transportation costs, and selected fees. Payment is issued to the child care provider directly.

Child and Adult Care Food Program - Child care centers and approved day care homes may receive federal support to purchase, prepare, and serve nutritious meals to children. This program is administered by the U.S. Department of Agriculture, through the North Carolina Department of Public Instruction. This appropriation is an open-ended entitlement with no state match required. Both child care centers and day care homes are eligible for reimbursement. Child care centers are eligible for assistance if at least

25% of the children enrolled are low-income. Reimbursement rates are based on the type of child care. In child care centers, reimbursement is based on the income of the families served. In day care homes, one reimbursement rate is applied regardless of family income.

Discretionary programs are ones that are available to parents but are not required by law. Counties have the option not to participate in these programs or to participate on a limited basis. Allocations for discretionary programs are capped. Eligible families can be denied services when funds budgeted for the programs are expended. Eligibility criteria and payment regulations vary greatly from program to program. Several discretionary programs offered in North Carolina are described below. This section concludes with a description of one form of indirect support for child care--the tax credit allowed parents against the costs of child care.

Child Care and Development Block Grant Child Care - Low income parents who are working, seeking work, or are in school or a job training program may receive financial assistance for child care services. Parents may choose the child care provider. Payments are limited to the provider's actual charge, not to exceed the county market rate. No state match is required, however, the state allocation is subject to various federal requirements. Parents are

Table 1. Expenditures for Child Care Services*

<u>Program</u>	<u>Description/Eligibility</u>	<u>1990-1991 Expenditures</u>			<u>1991-1992 Estimated Expenditures</u>		
		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>
FSA Child Care	Combined FSA Child Care	\$ 7,094,887	\$ 4,725,195	\$ 2,369,692	\$29,538,172	\$19,710,379	\$ 9,827,793
	Employed AFDC	\$ 3,357,843**			\$14,440,745**		
	JOBS/Teen Parents	\$ 2,731,006**			\$11,604,922**		
	Transitional	\$ 918,382**			\$ 3,830,965**		
Title IV-A "At Risk" Child Care	Non-AFDC recipients who work and would otherwise be at risk of welfare dependency	\$ 8,258,212	\$ 5,499,969	\$ 2,758,243	\$ 6,268,134	\$ 4,172,853	\$ 2,095,281
Child Care and Develop- ment Block Grant	Low income parents who are working, seeking work, attending school or training	n/a	n/a	n/a	\$11,463,856	\$11,463,856	n/a
Social Services Block Grant	Low income parents who are working, seeking work, attending school or training; care to protect child, support developmental needs of child, or facilitate family reunification	\$12,317,760	\$12,317,760	n/a	\$12,840,062	\$12,840,062	n/a

* All figures are based on the best available data.

** These figures are best estimates.

Table 1. Expenditures for Child Care Services* (Continued)

<u>Program</u>	<u>Description/Eligibility</u>	<u>1990-1991 Expenditures</u>			<u>1991-1992 Estimated Expenditures</u>		
		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>
State Non- Title IV-A	State funds used alone or to supplement federal funds	\$ 8,887,986	n/a	\$ 8,887,986	\$ 7,221,561	n/a	\$7,221,561
Head Start	Preschool, social, health, and nutritional services for low-income families	\$32,205,603	\$32,205,603	n/a	\$39,444,146	\$39,444,146	n/a
Head Start Wrap- Around	Provides care before and after traditional hours for children enrolled in Head Start	n/a	n/a	n/a	\$ 387,277	\$ 387,277	n/a
Chapter 1 & Even Start	Educationally disadvantaged preschool age children	\$10,335,000	\$10,335,000	n/a	\$13,845,000	\$13,845,000	n/a
Chapter 2	At-risk children ages 3-4	\$ 118,827	\$ 118,827	n/a	\$ 101,923	\$ 101,923	n/a
Development- al Day Care	Children who have or are at risk for developmental delays	Data not available			\$ 4,777,617	\$ 277,707	\$2,242,954 plus local \$\$ \$2,256,956
Child & Adult Care Food Program	Support for nutritious meals Day Care Homes Child Care Centers	\$ 6,325,961 \$13,421,797	\$ 6,325,961 \$13,421,797	n/a n/a	\$ 7,674,995 \$15,743,491	\$ 7,674,995 \$15,743,491	n/a n/a

*All figures are based on the best available data.

expected to contribute co-payment based on income eligibility. Payment is issued to the child care provider directly. Available since October 1991, these funds are administered by the U.S. Department of Health and Human Services, through the North Carolina Department of Human Resources Division of Facility Services Child Day Care Section

Title XX Social Services Block Grant Child Care - Low income. parents may receive financial assistance for child care services for any of the following purposes: to work or seek employment; to attend school or employment related training; to support the developmental needs of their child; to provide protective services for their child; or to facilitate the reunification of the family. Funds are administered by the U.S. Department of Health and Human Services, through the North Carolina Department of Human Resources Division of Facility Services Child Day Care Section. When appropriate, parents may choose the child care provider; otherwise, the provider is chosen by the child's legal guardian or social worker. All providers must be approved. Payment rates vary. For centers serving a majority of non-subsidized children, called Category A centers, subsidized payment equal to the provider's charge for non-subsidized children is allowed. For centers serving a majority of subsidized children, called Category B centers, the payment rate is limited to the county market

rate. Day care homes are reimbursed at the county market rate. No state match is required. Parents are expected to contribute a co-payment based on income eligibility. (When a fee is required, there is a \$5/month minimum.) Financial assistance is available to pay for child care services, child care related transportation costs, and selected fees. Payment is issued to the child care provider directly.

State Non-Title IV-A Child Care - State funds are appropriated annually to subsidize the cost of child care. These funds are used alone or in combination with federal funds. State funds are often used to pay for child care needed to support child protective services as well as other child welfare services. In addition, state funds may be used to supplement federal payments that have a "market rate" ceiling that is less than the provider's charge.

Head Start - Low income children, disadvantaged by poverty or physical disability, are provided preschool, social, health, and nutritional services. Parents may receive a variety of parent education and career development services. Head Start is administered by the Administration of Children, Youth, and Families of the U.S. Department of Health and Human Services. There is no state-level entity which governs the 45 Head Start programs in North Carolina.

Child Care Development Block Grant Head Start Wrap-Around

Care - Children enrolled in Head Start may be provided care before- and after- traditional program hours. Regulations described above under Child Care and Development Block Grant Child Care are applicable.

Chapter 1 Prekindergarten Programs - Preschool-aged children who are "educationally disadvantaged"--low achieving and not necessarily economically disadvantaged--may receive educational services through their local public school system. Eligibility is based on standardized test scores. Chapter 1 funds are administered by the Office of Elementary and Secondary Education in the U.S. Department of Education, through state and local educational agencies.

Even Start - Preschool-aged children who are educationally disadvantaged may receive a variety of services aimed at strengthening the parent-child relationship. Even Start funds are administered by the Office of Elementary and Secondary Education in the U.S. Department of Education, through the North Carolina Department of Public Instruction. Currently, most of the Even Start programs are offered in conjunction with Chapter 1 prekindergarten programs.

Chapter 2 Elementary & Secondary Education Act Preschool - Low-income preschoolers at-risk for educational failure may receive a variety of instructional and support services. Chapter 2 funds are administered by the U.S. Department of

Education, through the North Carolina Department of Public Instruction. These funds are usually combined with other federal, state, and/or local sources to augment existing preschool programs.

Developmental Day Care - Preschool-aged children with special needs may be provided a full range of intervention services. Funds are provided by a variety of federal, state, and local sources combined and administered by Area Mental Health Agencies. Services may be offered through both public and private child care programs.

Indirect Support for Child Care - In addition to the various programs involved in funding child care services, there are tax provisions that provide financial benefits to parents of young children. In North Carolina, a significant source of support for early child care and education is an indirect one--a tax credit against the parents' personal income. A limited tax credit can be claimed against the costs of child care for children up to age 13 who are dependents of the taxpayer. Mentally and physically handicapped dependents of the taxpayer may also qualify. Any individual taxpayer may qualify for a tax credit up to \$2400 for one qualifying dependent or no more than \$4800 for two or more qualifying dependents. In 1989, the foregone tax revenue resulting from state income tax credits in North Carolina totalled \$26,513,234. (Data is not available for more recent years.)

It is important to note that this tax credit is not limited to early child care expenses but is extended to care-related services for children up to age 13 as well as certain other dependents of the taxpayer. It is not possible to get a breakdown of this figure for early child care services exclusively. (Source: North Carolina Department of Revenue Tax Research Division.)

Expenditures for Child Care Services in North Carolina

Table 1 displays the variety of programs currently involved in financing child care services in North Carolina. For each program described above, actual state expenditures for the past two fiscal years are given. (Best estimates available are used for the 1991-1992 fiscal year.) Table 2 presents the number of children served through each of those programs for the relevant fiscal year.

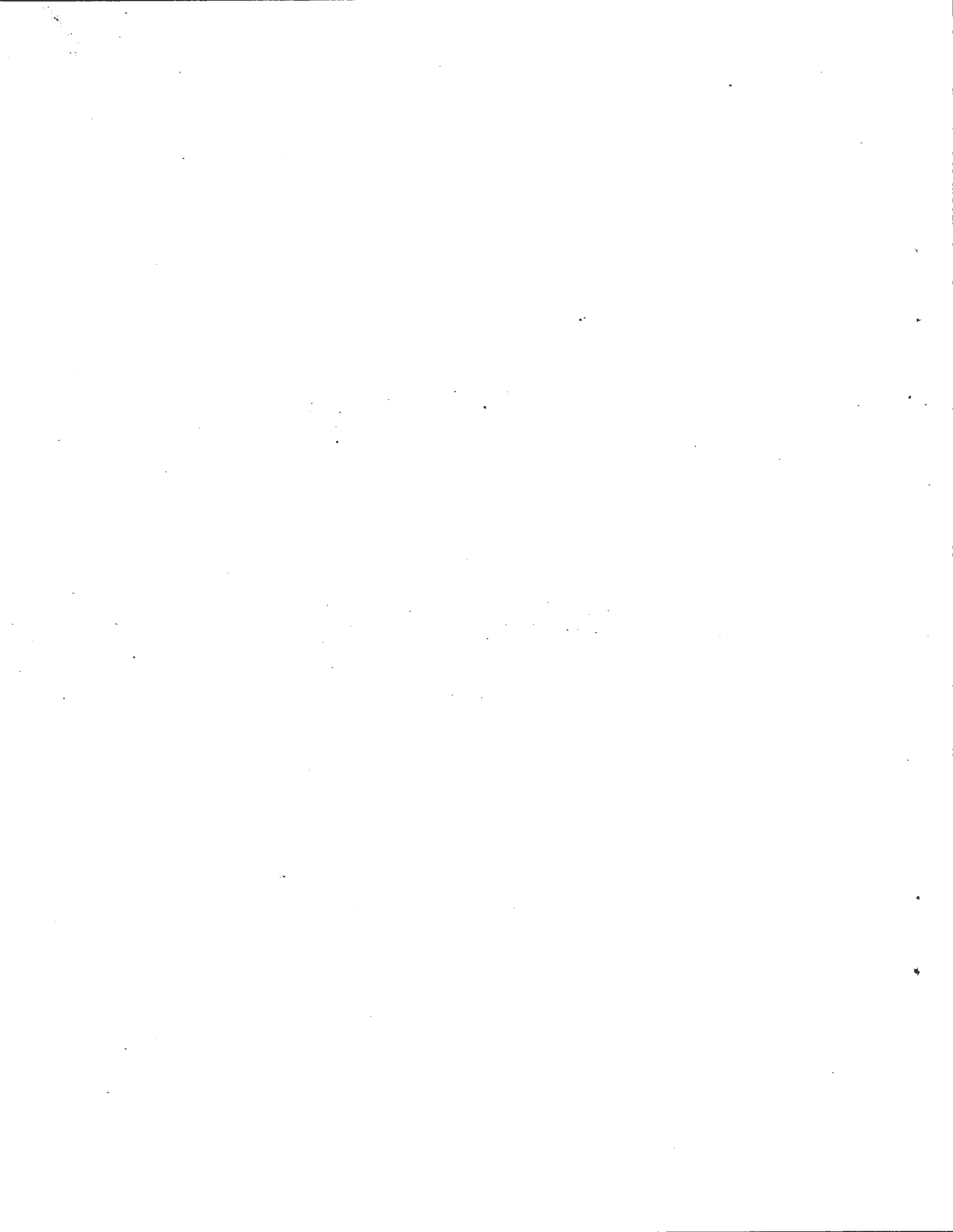


Table 2 Number of Children Served by Each Program*

<u>Program</u>	<u>Children Served</u>	
	<u>1990-1991</u>	<u>1991-1992</u>
FSA Child Care**	7,800	17,327
Title IV-A "At Risk"	7,443	7,350
Child Care and Development Block Grant	n/a	10,422
Social Services Block Grant	11,102	11,053
State Subsidy	8,010	6,565
Head Start Wrap-Around	n/a	data not available
Chapter 1 and Even Start	2,641	3,514
Chapter 2	89	226
Developmental Day Care	2,512	2,832
Child & Adult Care Food Program		
Day Care Home	6,556	7,419
Child Care Center	32,056	34,419

* All figures are based on the best available data. For all programs except Head Start, figures represent the total number of children served that year. Because children may move between programs during the year and rarely remain in one program for a full year, this count is duplicative. Historically, the yearly count for children served in child care subsidy programs is roughly twice the number of children served at any one time.

** Child count breakdown by type of FSA child care is not available.

Problems With the Current System of Child Care

Along with the increased levels of federal child funding in the 1990's came the development of new programs with rules and regulations that often conflict. Although the different programs were created in an effort to address the unique needs of various populations, those needs are often not met because administrative difficulties prevent effective implementation of programs. One of the results of having so many different funding sources is that the state has published three separate policy manuals outlining the rules and regulations for the various programs.

Nevertheless, agencies responsible for administering funds often have difficulty keeping track of the various rules and regulations and, as a result, fail to administer funds effectively. Consequently, today, North Carolina is faced with the challenge of developing a child care system that complies with a multitude of regulations and at the same time meets the child care needs of families and children.

Administrative difficulties hinder the ability to offer continuous, reliable child care to families in need. Inconsistencies in program regulations often mean a child cannot receive uninterrupted care with a provider of choice. Some programs require child care providers to be regulated while others do not. This makes it difficult, and at times impossible, for a parent to choose a child care provider whom he or she believes can serve the family's needs best.

As a parent's eligibility status changes, receiving continuous care from one provider may be difficult.

Problems also arise as a result of the various reimbursement options. In some programs, parents pay for child care and wait for reimbursement while in others direct payment is made by the administering state agency to the child care provider. Requiring parents to pay for services and then wait for reimbursement may make it difficult for some to take advantage of child care that is made available to them.

Another problem with child care reimbursement relates to the federally imposed "market rate." With the market rate set at no more than the 75th percentile of fees charged in the local market, many recipients of subsidized child care services have limited access to high quality, costly child care. In this regard, the market rate may serve as a barrier to parental choice. Payment rates are often too low to attract some providers. Presently, the state provides limited funds to supplement federal payments that have a market rate ceiling that is less than a provider's charge. Absent this state supplement, many providers would be unable to continue to operate. In some instances, these providers are meeting a critical need for child care in their community. If the practice of providing a state supplement is to continue, additional state appropriations will be needed to meet the growing demand for supplemental payments.

Another barrier to parental choice exists because of

state policy regarding the parent co-payment required by some of the *discretionary* programs. Current policy prohibits these programs from charging parents more than the "parent fee" derived by the state's sliding fee scale. Parents are not allowed to make up any difference between the provider's charge and the amount the state can pay. In effect, this policy limits parental choice. Note that this restriction is not imposed on parents receiving child care under the *entitlement* programs.

One hindrance to the effective administration of child care services relates to determining the allowable subsidy amount. Calculating the dollar amount of the subsidy due one family can be difficult and is subject to rapid change. Factors taken into consideration include the amount of earned income (if any), the number of children in the family needing care, and the number of hours of child care needed each week. As income increases and/or a parent begins working more hours, the family may be expected to contribute more and the extent to which funds are available for child care may decrease. Currently, it is not fair to assume that as income rises, and a family becomes ineligible for one program, that family's child care needs will be met through a different program. Often, as family eligibility shifts, different caseworkers, or even different agencies, must get involved. This may result in a gap in service or loss of service altogether--an ironic outcome given that it was the availability of child care that made it possible for the

family to improve its economic status.

These are just a few of the problems that interfere with the state's ability to provide a consistent system of subsidized child care. The section following outlines recommendations for alternative structures and uses of funds aimed at improving the system of child care in North Carolina.

Conclusions and Recommendations

At this point in time, it is not possible to identify a single most appropriate way to ensure that children receive continuous and reliable child care services. Nevertheless, there are steps that can be taken towards the development of a coordinated and effective child care system in North Carolina. In the preceding pages, several problems inherent in our current system of child care have been identified. Given the nature and extent of the fragmentation within North Carolina's system of child care, improving the system will be a complex and timely process. Consequently, our recommendations for improving the system of child care consist of short-term and long-term goals. Short-term goals suggest measures that the state can take now, given the existing laws and regulations, to begin addressing some of the administrative problems in the current system. Long-term goals are aimed at measures to amend laws and regulations so that the state's goals for young children and

their families can be met. Both short-term and long-term goals are outlined below.

Short-term goals

Centralize the administration of child care services at the state level to the maximum extent possible.

Currently, management responsibility for child care services is fragmented within the North Carolina Department of Human Resources (DHR). Several Divisions within DHR share responsibility for child care services. The Child Day Care Section of the Division of Facility Services issues licenses, approves facilities for participation in subsidized programs, and administers funds for various programs. The Division of Social Services administers all FSA child care policy and some FSA funds. The Division of Economic Opportunity administers the allocation of the Child Care and Development Block Grant Head Start Wrap-Around funds. In addition, the state's Head Start Coordinator is located within the Division of Economic Opportunity.

This fragmented system impedes the state's ability to administer programs effectively and to distribute funds equitably. Specific recommendations to simplify the current system of management include:

*Shift the administration of FSA child care funding to the Child Day Care Section.

*Shift the Head Start Coordinator to the Child Day Care Section.

*Shift the administration of Head Start funding to the Child Day Care Section.

*Create an early childhood education unit in the Department of Public Instruction to administer the public school programs for preschoolers.

Provide for coordination across the agencies involved in providing early childhood services.

An important step in developing a consistent system of child care in North Carolina requires coordinating the various entities presently involved in the provision of child care. Specific recommendations to effectuate coordination include:

*Establish a Governor-appointed "Secretary for Children" position responsible for the coordination of services.

*Establish a cabinet level coordination council for setting policy and coordinating resources to assure the adequate provision of child care to all families in need. This council should include current heads of agencies involved in the provision of child care services (e.g., the Department of Public Instruction, the Department of Human Resources, & Head Start) as well as individuals from various public and private interests and child advocacy groups.

Long-term goals

Develop a vision for child care services.

A critical part of developing a more coordinated, effective, and accessible system of child care is to identify specific objectives and to develop a systematic approach to realizing those goals. Prior to launching any

major new initiatives, it is recommended that the state develop a vision for child care services.

*Develop a plan for North Carolina that clearly spells out the state's goals for young children and their families. The plan must go beyond rhetoric and detail the system of services envisioned to provide for the developmental needs of children as well as the child care needs of working families. An important part of the plan should be to establish a consensus regarding a definition of "high quality" child care.

Consolidate all child care services at the state level.

A corollary of the short-term goal to centralize the administration of services to the maximum extent possible is to consolidate all services. A specific recommendation for consolidating all services is to do the following:

*Create a separate administrative division to handle all child care services. This separate division might be housed in the Department of Human Resources or the Department of Public Instruction, for example. This new division should be staffed with individuals currently working within the various Divisions of the Department of Human Resources and the Department of Public Instruction who are familiar with the current system of child care, the numerous federal regulations, etc.

Provide additional state financing for child care.

Steps need to be taken to insure that the state meets its goal to expand services to better address the child care needs of low-income families. Two areas that need immediate attention include the non-Title-IV-A state subsidy and the state's payment structure. As a result of the increase in FSA child care entitlements, state funds originally intended

for expanding child care services are being used as FSA matching funds. Additional resources are needed to support other child care initiatives. Relatedly, the payment system needs to be restructured so that low-income families have better access to high quality child care. Specific recommendations regarding the use of state funds include:

- *Further increase the state child care subsidy appropriations to maintain the integrity of the original goal of subsidizing low and moderate income working families.
- *Increase the state subsidy to allow for subsidizing a broader range of low and moderate income working families.
- *Establish consistent payment methods that are more supportive of families and child care providers.
- *Move away from the market rate approach to payment.

Advocate for changes in federal laws and regulations.

Collectively, the various federal regulations, with their inconsistencies and overlapping eligibility criteria, prohibit effective use of funds made available to subsidize child care. One step towards simplifying the current system is to advocate a more coordinated funding approach from the U.S. Congress. Suggested changes at the federal level include:

- *Increase the federal subsidy to allow for subsidizing a broader range of low and moderate income working families.
- *Reduce the number of funding streams by combining programs with similar purposes aimed at the same population.

- *Establish more consistent regulations across federal legislation.
- *Allow more flexibility in state determination of eligibility criteria for program participation.
- *Provide more state control over Head Start funding/coordination.

**APPENDIX:
SOURCES OF DATA LISTED IN TABLES 1 AND 2**

Data regarding the following programs were provided by the North Carolina Department of Human Resources Division of Facility Services Child Day Care Section:

- Family Support Act Child Care
- "At Risk" Child Care
- Child Care and Development Block Grant
- Social Services Block Grant
- State Non-FSA Subsidy
- Head Start Wrap-Around Care

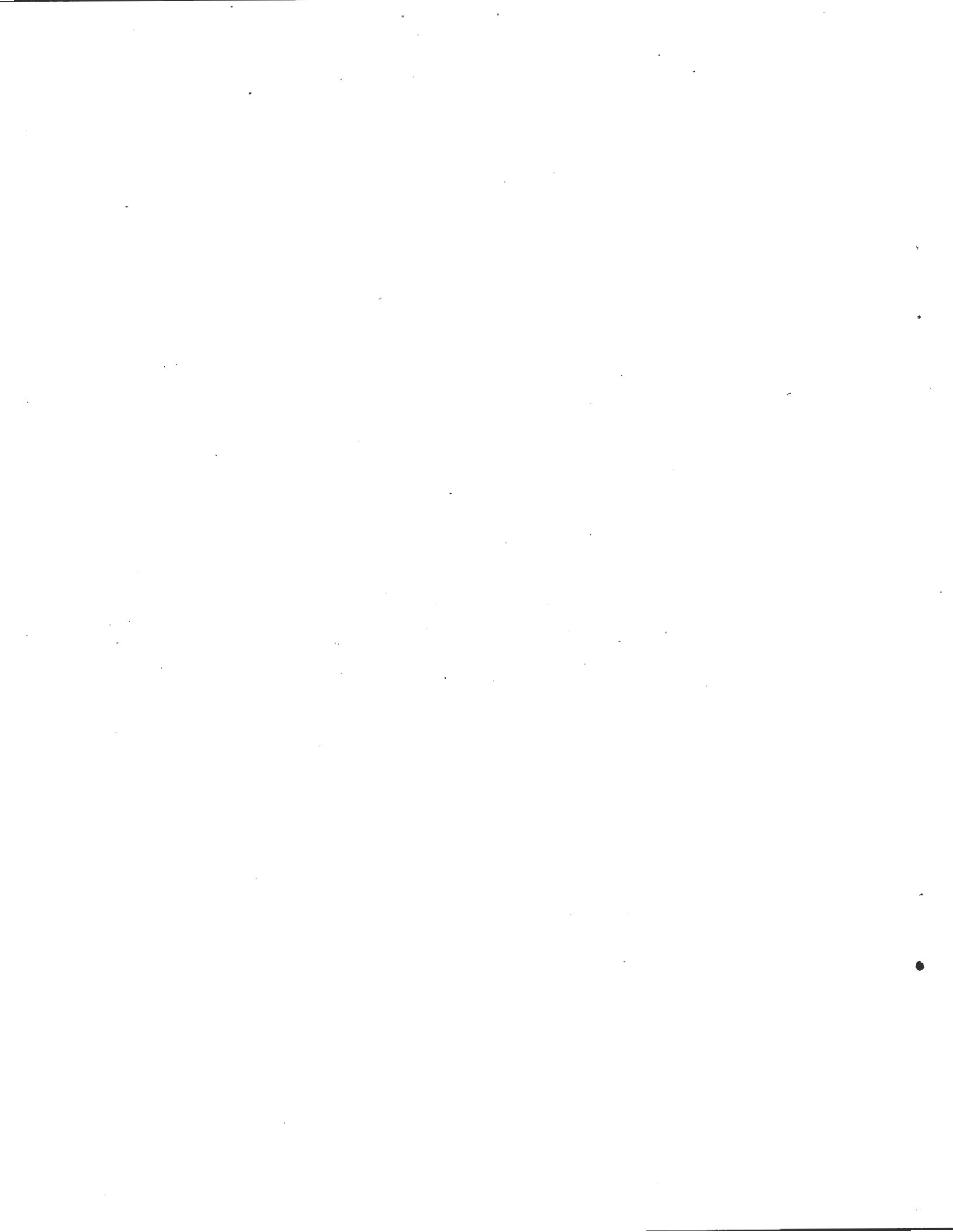
Data regarding Head Start were obtained from the Head Start Bureau, Administration for Children and Families, Region 4, Atlanta, Georgia.

Data regarding Chapter 1 pre-kindergarten programs and Even Start were provided by the North Carolina Department of Public Instruction Financial Division.

Data regarding Chapter 2 programs were obtained from the North Carolina Department of Public Instruction Developmental Services Division.

Data regarding the Developmental Day Care Program were provided by the North Carolina Department of Human Resources Mental Health Division.

Data regarding the Child and Adult Care Food Program were obtained from the North Carolina Department of Public Instruction Child Nutrition Division.



**RATIONALE FOR RULES FOR UNREGULATED DAY CARE HOMES IN
NORTH CAROLINA'S SUBSIDIZED CHILD DAY CARE PROGRAM**

Attached are the rules which become effective February 1, 1993 for all unregulated day care home providers who wish to participate in the subsidized child day care program. These rules were developed with four purposes in mind:

- 1) To come into compliance with the requirements of the Child Care and Development Block Grant and the IV-A At-Risk program;
- 2) to allow for more timely approval of homebased child care arrangements;
- 3) to provide a single day care program with multiple funding sources; and
- 4) to guarantee that all subsidized children are protected with basic health and safety requirements.

The first reason, to come into compliance with the requirements of the Child Care and Development Block Grant and the IV-A At-Risk program, is critical. A federal representative has warned the Child Day Care Section that these rules need to be in place. The Block Grant requirements stipulate that minimum health and safety standards must be in place for all providers, except that grandparents, aunts and uncles are to be exempt from health and safety requirements. The Child Care and Development Block Grant also requires that any standards developed promote parental choice, that the standards do not inhibit providers from offering care, and that approval be granted for providers in a timely manner. The requirements for the IV-A At Risk program stipulate that regulations imposed upon providers in that program must not be imposed unless the same standards are also required in other IV-A programs. Currently there are different requirements for unregulated homes in the At-Risk program than for unregulated homes in other IV-A programs.

The second reason for developing these rules is to allow for more timely approval of homebased child care arrangements. The rules will replace the standards currently used for all nonregistered homebased care. At this time any homebased provider who is keeping one or two children or only children who are related to them and who wishes to participate in the subsidized day care program, is required to meet the same standards as registered day care home providers who may provide care for three to five preschool children. The rules for registered day care homes include rules that involve record keeping and completing a CPR and first aid course. These rules make it difficult to arrange for care in a timely manner and may limit a parent's choice of providers. This administration places a priority on parental choice. One rule in this set of rules that the administration believes promotes parental choice, is the rule which allows a parent and provider to make a decision together about whether or not the provider may administer corporal punishment to the child in care. The language in this rule is as stringent as it can be and

yet be consistent with the administration's position. It is likely that caregivers affected by the nonregistered day care home rules will include a number of family members such as brothers, sisters, or cousins. With family members as well as other caregivers, parents are provided the opportunity to affirmatively state their preferences and desires.

The third reason for developing these rules is to bring about a "seamless" day care program; that is a program whereby clients and providers will not have to worry about which funding source is used to pay for services. A seamless program also allows clients to move from one funding source to another without having to change providers or request that providers meet a different set of standards.

The fourth reason for developing these rules is to provide basic protection for all subsidized children. In the current program, clients for whom day care is paid with FSA funds may choose home providers who are not required to meet any standards. But if services are provided through the At-Risk program or any other non-FSA funding source, the provider is required to meet the same health and safety standards as providers who fall under the state's day care home registration requirements. The Child Day Care Section believes all subsidized children, regardless of which funding source is being used to pay for their care, should be afforded basic protection in the areas of health and safety.

PROPOSED RULES FOR UNREGULATED DAY CARE HOMES

The following rules have been adopted by the Social Services Commission and the Secretary of Human Resources to apply to subsidized child day care provided in day care homes which do not have to be regulated by the State in order to operate legally. These rules have not yet been reviewed by the Rules Review Commission and are subject to change pending that review.

SUBCHAPTER 46G NONREGISTERED DAY CARE HOME REQUIREMENTS

SECTION .0100 - GENERAL REQUIREMENTS

10 NCAC 46G .0109 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1484:

.0109 DEFINITION

(a) "Nonregistered" day care home means an arrangement whereby day care is provided in a home that is not subject to registration or licensure pursuant to G.S. 110-86(2)-(4) or the requirements of G.S. 110-106 or G.S. 110-106.1. Payment for care in the child's home by a member of the household shall be restricted to household members other than the child's parents or other members of the child's income unit as defined in 10 NCAC 46H .0203. Grandparents, aunts, and uncles, including step and great relationships, are exempt from meeting the requirements in Rules .0213 - .0214 of this Subchapter.

(b) The rules in this Subchapter shall apply only to those nonregistered homes as defined in this Rule which voluntarily choose to participate in the state subsidized day care program.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

10 NCAC 46G .0110 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1484:

.0110 DIVISION RESPONSIBILITY

(a) The section, as defined in 10 NCAC 46A .0005, is responsible for the administration of the requirements and procedures for approving nonregistered day care homes in which day care funds administered by the Department are used to subsidize the day care cost for children of families eligible for assistance.

(b) The number of nonregistered day care home arrangements that shall be visited by the section for the purpose of evaluating compliance with the requirements for participation in the purchase of care program shall be included in the monitoring plan developed annually by the section.

(c) All complaints registered against nonregistered day care homes shall be investigated by the section. The investigation may include an on-site visit by an authorized representative of the Department.

(d) Documentation of substantiated complaints shall be available for parents to examine.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

10 NCAC 46G .0111 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1484:

.0111 LOCAL PURCHASING AGENCY RESPONSIBILITY

a) The local purchasing agency shall be responsible for reviewing the application and parent-provider self-check list and for determining compliance with the requirements established by the Social Services Commission for all nonregistered day care homes from which care is purchased with funds administered by the Department.

b) The county director of social services is authorized to deny or revoke approval of an arrangement where the caregiver or an individual who resides in the home where care is provided was found by the county director to be the perpetrator of abuse or neglect in accordance with G.S. 7A-544 or G.S. 108A, Article 6, and where approval of the arrangement poses a threat to the child's health or safety. Approval may also be denied or revoked as described under the standard set forth in this Rule when an investigation of abuse or neglect is currently in process. Information regarding the fact that the prospective provider or individual in the home has been reported or investigated for alleged abuse or neglect shall not be given to the parent or any other individual unless such information is a matter of public record.

History Note: Statutory Authority G.S. 143B-153(2a); 45 C.F.R. 98.41; 45 C.F.R. 255.4(c); 45 C.F.R. 257.41; Eff. February 1, 1993.

10 NCAC 46G .0112 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1484:

.0112 INITIAL APPROVAL

(a) Approval indicates that all applicable requirements have been met.

(b) Temporary approval may be issued when an arrangement does not comply with all requirements but is expected to meet them within a specified period. Temporary approval for enrollment may be issued for a limited period of time not to exceed 30 days. For extenuating circumstances, the purchasing agency shall have the discretion to extend the 30 day period.

(c) When a provider fails to achieve compliance before the end of the specified time period described in Rule .0112(b) of this Section, approval may be denied.

History Note: Statutory Authority G.S. 143B-153(2a); Eff. February 1, 1993.

10 NCAC 46G .0113 is adopted as follows and as published in the NC Register, Vol.7, Issue 15, page 1485:

.0113 MAINTAINING APPROVAL

(a) When a provider is found to be out of compliance at any time with any requirement for participation, the local purchasing agency or the section shall set a specified time limit for compliance. If

the provider fails to comply within the specified time limit, approval may be terminated.

(b) Each nonregistered day care home shall be evaluated for compliance annually as described in Rule .0111 in this Section.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

10 NCAC 46G .0114 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1485:

.0114 PAYMENT REQUIREMENTS

(a) Any nonregistered day care home that wishes to participate in the state purchase of care program, as defined in 10 NCAC 46A .0005, must comply with the requirements for nonregistered child day care homes codified in Section .0200 of this Subchapter, except as specified in Rule .0109 of this Section.

(b) In order to receive payment for subsidized child care, any nonregistered child day care home arrangement must be enrolled and be in compliance with all applicable requirements of this Subchapter.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

10 NCAC 46G .0115 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1485:

.0115 APPEALS

Any nonregistered day care home desiring to appeal a decision by the local purchasing agency shall follow the appeals procedures for grant-in-aid programs pursuant to G.S. 108A-79 and any subsequent amendments. The local purchasing agency shall provide the nonregistered day care home provider or applicant with appropriate information about the procedures for such an appeal.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

SECTION .0200 - REQUIREMENTS FOR NONREGISTERED DAY CARE HOMES

10 NCAC 46G .0213 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1485:

.0213 PARENT-PROVIDER CHECKLIST

Prior to approval, each provider must submit a check list that indicates satisfactory compliance with all applicable requirements. The checklist must be completed and signed by the provider and the parent.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

10 NCAC 46G .0214 is adopted with changes as follows and as published in the NC Register, Vol. 7, Issue 15, pages 1485-1486:

.0214 HEALTH AND SAFETY STANDARDS

Each nonregistered day care home shall comply with the following requirements in order to maintain a safe, healthy and sanitary environment for children:

- (1) A health and emergency information form completed and signed by the child's parents or guardian shall be on file for each child who attends. The completed form must be on file on the first day the child attends with the exception of the child's immunization record which must be completed within 30 days after the first day the child attends. A recommended form is available from the section. However, the provider may use another form provided that form includes the following information:
 - (a) the child's name, address, and date of birth;
 - (b) the names of individuals to whom the child may be released;
 - (c) the general status of the child's health;
 - (d) any allergies and/or restrictions on the child's participation in activities with specific instructions from the child's parent or health professional;
 - (e) the names and phone numbers of persons to be contacted in an emergency situation;
 - (f) the name and phone number of the child's health provider and preferred hospital;
 - (g) authorization for the provider to administer specified medication according to the parent's instructions, if the parent so desires;
 - (h) authorization for the provider to seek emergency medical care in the parent's absence;
 - (i) a record of the child's immunizations as required pursuant to G.S. 130A-152.
- (2) The parent and provider must discuss and agree upon the methods of discipline to be used with each child. Corporal punishment shall be administered only with the written consent of the parent.
- (3) All areas used by the children, indoors and outdoors,

- shall be kept clean and orderly and free of items which are hazardous to children.
- (4) First-aid supplies shall be kept in a place easily accessible to the provider but out of the reach of children.
 - (5) A working telephone shall be within close proximity of the day care home arrangement. A written plan shall be developed that describes how the provider will access emergency assistance. Emergency phone numbers shall be readily available.
 - (6) To assure the safety of children whenever they are transported, the provider, or any other transportation provider, shall comply with all applicable state and federal laws concerning the transportation of passengers. All children regardless of age or location in the vehicle shall be restrained by individual seat belts or child restraint devices.
 - (7) Garbage shall be stored in waterproof containers with tight fitting covers.
 - (8) The provider shall have sanitary toileting facilities, and sanitary diaper changing and handwashing facilities.
 - (9) Soiled diapers shall be placed in a covered leak-proof container which is emptied and cleaned frequently.
 - (10) The provider shall wash her hands after toileting and after diapering each child.
 - (11) The provider shall complete and keep on file a health self-questionnaire which attests to the operator's physical and emotional ability to care for children.
 - (12) Each provider shall obtain written proof that she is free of active tuberculosis prior to initial approval and every two years thereafter.
 - (13) The provider shall serve nutritious meals and snacks appropriate in amount and type of foods served for the ages of children in care.
 - (14) The provider shall provide daily opportunities for supervised outdoor play or fresh air, weather permitting.
 - (15) The provider shall assure that the structure in which the day care arrangement is located is fit for human habitation (i.e. has clean drinking water, an approved sanitary disposal system, and weather-tight construction).
 - (16) Fuel burning heaters used when the children are in care shall be properly vented to the outside. Fuel burning heaters, fireplaces, stoves, and portable electric heaters, when in use, shall have a securely attached guard.
 - (17) A battery-operated smoke detector shall be installed in the primary caregiving area of each nonregistered day care home.
 - (18) The provider shall successfully complete a basic

multimedia first aid course within three months of beginning participation in this program.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

10 NCAC 46G .0215 is adopted as follows and as published in the NC Register, Vol. 7, Issue 15, page 1486:

.0215 PROVIDER REQUIREMENTS

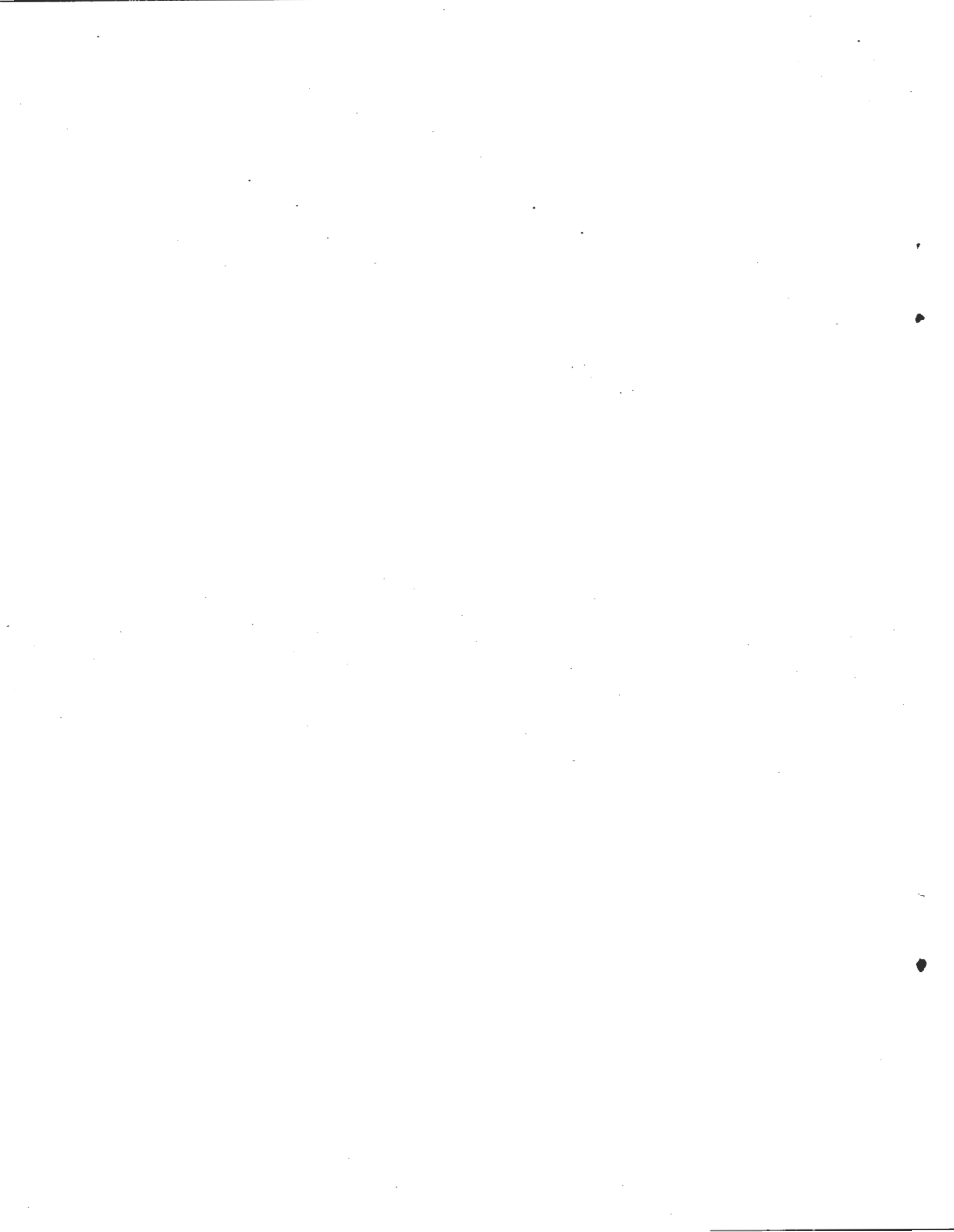
(a) Each provider shall ensure that the parent or adult legally responsible for the child has unlimited access to their child and to the provider during the hours care is provided.

(b) No person shall be permitted to participate as a child care provider in the purchase of care program who has been convicted of a crime involving child abuse, child neglect, or moral turpitude, or who is an habitually excessive user of alcohol or who illegally uses narcotics or other impairing drugs, or who is mentally or emotionally impaired to a extent that may be injurious to children.

(c) The provider shall be at least 18 years of age.

History Note: Statutory Authority G.S. 143B-153(2a);
Eff. February 1, 1993.

APPENDIX D
LEGISLATIVE PROPOSALS



LEGISLATIVE PROPOSAL I

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

D

93-LFZ-017(1.1)

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

DRAFT

Short Title: Day Care Rate Change (Public)

FOR REVIEW ONLY

Sponsors: Representative Easterling * Senator Richardson.

Referred to:

- 1 A BILL TO BE ENTITLED
2 AN ACT TO CHANGE THE DAY CARE RATE PAYMENT STRUCTURE TO ENCOURAGE
3 THE PROVISION OF QUALITY DAY CARE FOR ALL NORTH CAROLINA'S
4 CHILDREN IN NEED OF CARE.
5 The General Assembly of North Carolina enacts:
6 Section 1. (a) Rules for the monthly schedule of
7 payments for the purchase of day care services for low-income
8 children shall be established by the Social Services Commission
9 pursuant to G.S. 143B-153(8)a. Requirements for the adoption of
10 these rules include:
11 (1) Establishment of a statewide market payment rate
12 calculated as a statewide market rate representing
13 the 75th percentile of all day care rates by type
14 of provider for all ages of children from every
15 county;
16 (2) Provision for market rate establishment and payment
17 for counties whose individual market rates are
18 higher than the State market rate; and
19 (3) Provision of incentives to provide quality day care
20 by providing payment differentials among day care
21 providers as follows:
22 a. Registered homes and 'A' centers - the
23 statewide market rate or the county market
24 rate, whichever is higher;

- 1 b. Unregistered homes - ten percent (10%) less
2 than the rate for registered homes; and
3 c. 'AA' centers - ten percent (10%) more than the
4 rate for 'A' centers.

5 (b) In addition to the requirements set by subsection
6 (a) of this section, the Social Services Commission shall, in
7 establishing rules for the monthly schedule of payments, give
8 consideration to the need to maintain the level of care, and the
9 higher cost of this care, that has been established by those
10 providers who have been the recipients of reallocated funds in
11 addition to initial allocations.

12 (c) In order to further the goal of providing quality
13 day care to all of North Carolina's children in need of care, the
14 General Assembly finds that, in the near future, the payment rate
15 structure should consider:

- 16 (1) Provision of increased rates for "accredited" day
17 care; and
18 (2) Rates for day care providers "at cost", if the
19 providers have their budgets approved by their
20 county day care administrator.

21 Sec. 2. There is appropriated from the General Fund to
22 the Department of Human Resources, Division of Facility Services,
23 Day Care Section, the sum of thirteen million dollars
24 (\$13,000,000) for the 1993-94 fiscal year and the sum of thirteen
25 million dollars (\$13,000,000) for the 1994-95 fiscal year to
26 implement this act.

27 Sec. 3. This act becomes effective July 1, 1993.

LEGISLATIVE PROPOSAL I SUMMARY
A BILL TO BE ENTITLED
AN ACT TO CHANGE THE DAY CARE RATE PAYMENT STRUCTURE TO
ENCOURAGE THE PROVISION OF QUALITY DAY CARE FOR ALL NORTH
CAROLINA'S CHILDREN

Section 1 requires the Social Services Commission adopt rules for the monthly schedule of payments for the purchase of day care services for low-income children pursuant to G.S. 143B-153(8)a. that include:

- (1) Establishment of a statewide market payment rate calculated as a statewide market rate representing the 75th percentile of all day care rates by type of provider for all ages of children from every county;
- (2) Provision for market rate establishment and payment for counties whose individual market rates are higher than the State market rate; and
- (3) Provision of incentives to provide quality day care by providing payment differentials among day care providers as follows:
 - a. Registered homes and 'A' centers - the statewide market rate or the county market rate, whichever is higher;
 - b. Unregistered homes - ten percent (10%) less than the rate for registered homes; and
 - c. 'AA' centers - ten percent (10%) more than the rate for 'A' centers.

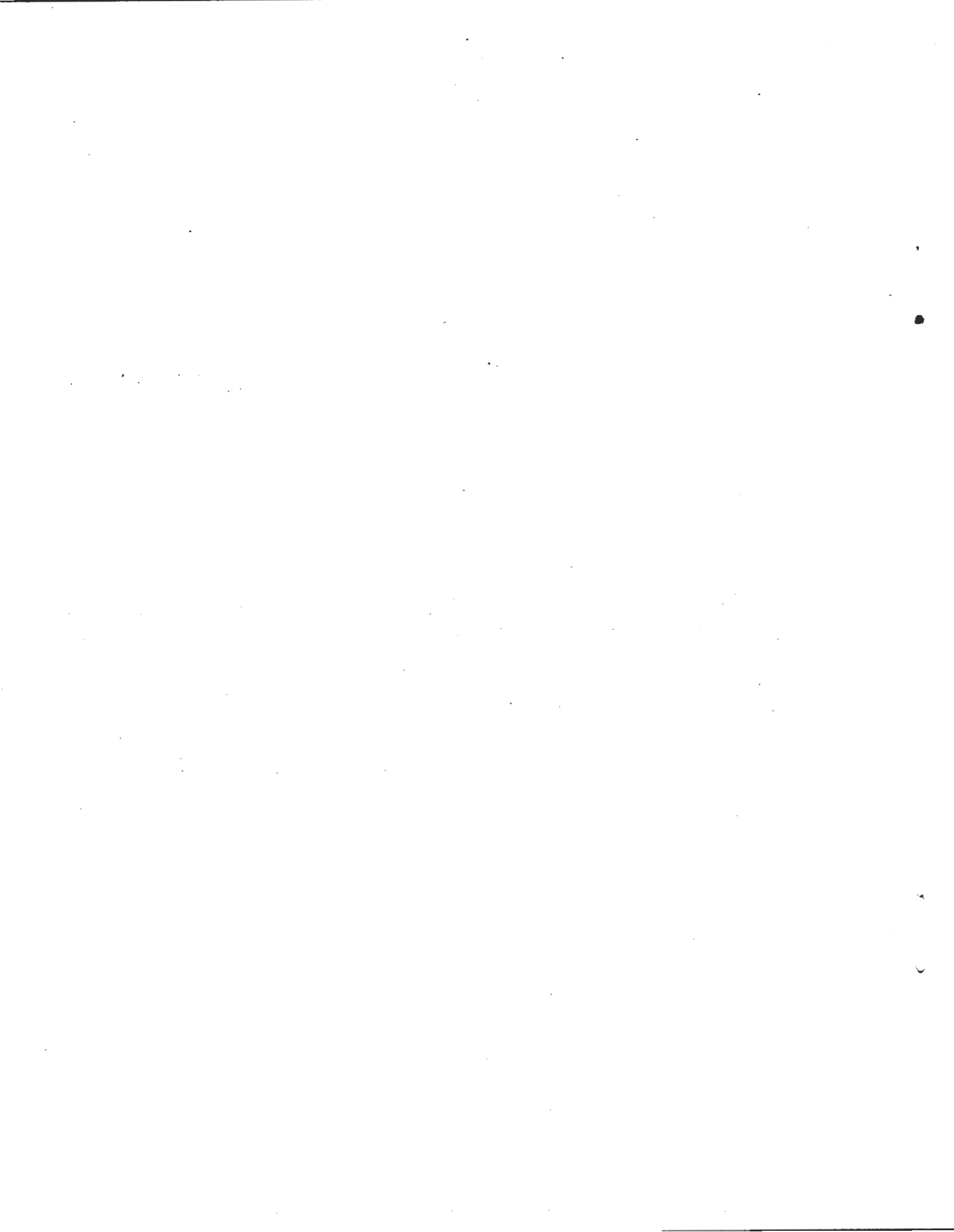
Section 1 (b) requires that the Social Services Commission, in establishing rules for the monthly schedule of payments, give consideration to the need to maintain the level of care, and the higher cost of this care, that has been established by those providers who have been the recipients of reallocated funds in addition to initial allocations.

Section 1 (c) suggests that, in order to further the goal of providing quality day care to all of North Carolina's children in need of care, in the near future, the payment rate structure should consider:

- (1) Provision of increased rates for "accredited" day care; and
- (2) Rates for day care providers "at cost", if the providers have their budgets approved by their county day care administrator.

Section 2 appropriates thirteen million dollars for each fiscal year of the biennium to the Day Care Section, Division of Facility Services, Department of Human Resources, to implement this act. This figure is a very rough guess at the cost. By the appropriations process, there will be much more data that will enable a proper cost assessment.

Section 3 makes the act effective July 1, 1993.



LEGISLATIVE PROPOSAL II

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

D

93-LFZ-028(1.1)

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: County Day Care Admin. Funds.

(Public)

Sponsors: Representative Easterling *Senator Richardson.

Referred to:

**DRAFT
FOR REVIEW ONLY**

- 1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS FOR COUNTY DAY CARE ADMINISTRATION.
3 The General Assembly of North Carolina enacts:
4 Section 1. There is appropriated from the General Fund
5 to the Department of Human Resources, Division of Facility
6 Services, Day Care Section, the sum of four million dollars
7 (\$4,000,000) for the 1993-94 fiscal year and the sum of four
8 million dollars (\$4,000,000) for the 1994-95 fiscal year, to be
9 allocated to counties for county day care administration. Funds
10 allocated to the counties pursuant to this act shall not be used
11 to supplant county funds provided or obligated for the purpose of
12 county day care administration.
13 Sec. 2. The Department of Human Resources shall report
14 quarterly to the Joint Legislative Commission on Governmental
15 Operations and to the Fiscal Research Division of the Legislative
16 Services Office on the uses to which these funds are put.
17 Sec. 3. This act becomes effective July 1, 1993.

LEGISLATIVE PROPOSAL II SUMMARY
A BILL TO BE ENTITLED
AN ACT TO APPROPRIATE FUNDS FOR COUNTY DAY CARE
ADMINISTRATION

Section 1 appropriates four million dollars each fiscal year of the biennium to the Day Care Section, Division of Facility Services, Department of Human Resources, to be allocated to counties for county day care administration. This section contains a "non-supplanting" clause.

Section 2 requires that the Department report quarterly to the Joint Legislative Commission on Governmental Operations on the uses to which the funds appropriated in this act are put by the counties.

Section 3 makes the act effective July 1, 1993.

LEGISLATIVE PROPOSAL III

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

D

93-LFZ-027(1.1)
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

**DRAFT
FOR REVIEW ONLY**

Short Title: County Day Care encouragement.

(Public)

Sponsors: Representative Easterling * Senator Richardson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENCOURAGE COUNTIES TO PROVIDE THE HIGHEST POSSIBLE DAY
3 CARE AVAILABLE TO THEM .
4 The General Assembly of North Carolina enacts:
5 Section 1. (a) The General Assembly encourages all
6 counties to use all their initial child care allocations by
7 actively and aggressively pursuing all existing child care
8 resources currently available. The Department of Human
9 Resources, Division of Facility Services, Day Care Section, shall
10 reevaluate its allocation/reversion/reallocation timetable to
11 balance equitably the needs of those counties that have had
12 difficulty using their initial allocations immediately with the
13 needs of those counties who have used the reverted allocations to
14 excellent purpose.
15 (b) The General Assembly encourages counties to use
16 creative and innovative methods of enriching their existing day
17 care, such as by using volunteers from senior citizen centers in
18 day care and to identify any State law or policy bars that may
19 currently exist to these methods.
20 (c) The General Assembly encourages counties that now
21 provide certain child care payments directly to parents rather
22 than directly to the provider to reevalaute this practice in
23 order to ensure that the method of payment properly reflects both
24 the needs of the individual families and the day care community.

1 Sec. 2. The Department of Human Resources shall report
2 quarterly to the Joint Legislative Commission on Governmental
3 Operations and to the Fiscal Research Division of the Legislative
4 Services Office on the implementation of this act.
5 Sec. 3. This act is effective upon ratification.

**DRAFT
FOR REVIEW ONLY**

LEGISLATIVE PROPOSAL III SUMMARY
A BILL TO BE ENTITLED
AN ACT TO ENCOURAGE COUNTIES TO PROVIDE THE HIGHEST POSSIBLE
DAY CARE AVAILABLE TO THEM

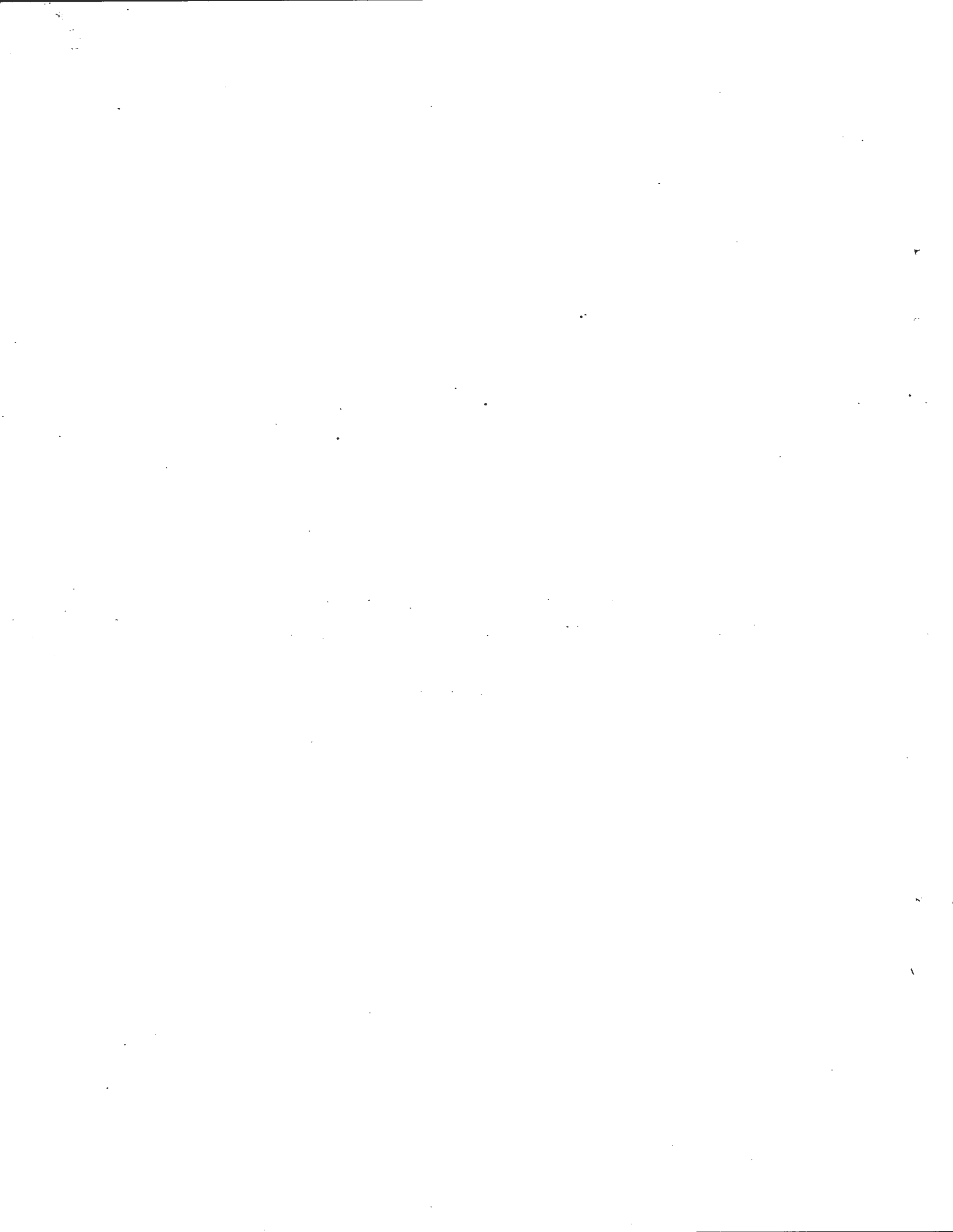
Section 1 (a) encourages all counties to use all their initial child care allocations by actively and aggressively pursuing all existing child care resources currently available. The Department of Human Resources, Division of Facility Services, Day Care Section, is required to reevaluate its allocation/reversion/reallocation timetable to balance equitably the needs of those counties that have had difficulty using their initial allocations immediately with the needs of those counties who have used the reverted allocations to excellent purpose.

Section 1 (b) encourages counties to use creative and innovative methods of enriching their existing day care, such as by using volunteers from senior citizen centers in day care and to identify any State law or policy bars that may currently exist to these methods.

Section 1 (c) encourages counties that now provide certain child care payments directly to parents rather than directly to the provider to reevaluate this practice in order to ensure that the method of payment properly reflects both the needs of the individual families and the day care community.

Section 2 requires the Department of Human Resources to report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on the implementation of this act.

Section 3 makes the act effective upon ratification.



LEGISLATIVE PROPOSAL IV

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

93-LFZ-026(1)
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

**DRAFT
FOR REVIEW ONLY**

Short Title: Day Care Eligibility Increase/Funds. (Public)

Sponsors: Representative Easterling * Senator Richardson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AID PARENTS OF LOW-INCOME CHILDREN NEEDING DAY CARE TO
3 BECOME SELF-SUFFICIENT WITHOUT JEOPARDIZING THE VERY CHILD CARE
4 THAT IS ESSENTIAL TO THIS SELF-SUFFICIENCY.
5 The General Assembly of North Carolina enacts:
6 Section 1. Effective July 1, 1993, eligibility limits
7 for State and federal child day care subsidies are increased as
8 follows:
9 (1) For families already receiving subsidies, to
10 seventy-five percent (75%) of median income; and
11 (2) For families initially needing subsidies on or
12 after this date, one economic notch above their
13 current eligibility level.
14 Sec. 2. There is appropriated from the General Fund to
15 the Department of Human Resources, Division of Facility Services,
16 Day Care Section the sum of two million dollars (\$2,000,000) for
17 the 1993-94 fiscal year and the sum of two million dollars
18 (\$2,000,000) for the 1994-95 fiscal year to implement this act.
19 Sec. 3. This act becomes effective July 1, 1993.

LEGISLATIVE PROPOSAL IV SUMMARY
A BILL TO BE ENTITLED

AN ACT TO AID PARENTS OF LOW-INCOME CHILDREN NEEDING DAY CARE
TO BECOME SELF-SUFFICIENT WITHOUT JEOPARDIZING THE VERY CHILD
CARE THAT IS ESSENTIAL TO THIS SELF-SUFFICIENCY

Section 1 increases eligibility for State and federal child day care subsidies as follows:

- (1) For families already receiving subsidies, to 75% of median income;
and
- (2) For families initially needing subsidies on or after this date, one economic notch above their current eligibility level.

Section 2 appropriates two million dollars each fiscal year of the biennium to the Child Day Care Section, Division of Facility Services, Department of Human Resources, to implement this act.

Section 3 makes this act effective July 1, 1993.

LEGISLATIVE PROPOSAL V

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H/S

93-LFZ-018(1.1)
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

DRAFT
FOR REVIEW ONLY

Short Title: Infant/Toddler Staff/Child Ratio Change. (Public)

Sponsors: Representative Easterling *Senator Richardson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO LOWER THE STAFF/CHILD RATIOS AND GROUP SIZE FOR INFANTS
3 AND TODDLERS IN CHILD CARE. *

4 The General Assembly of North Carolina enacts:
5 Section 1. Effective January 1, 1994, G.S. 110-91(7)
6 reads as rewritten:
7 "(7) Staff-Child Ratio. -- In determining the staff-
8 child ratio, all children younger than 13 years
9 shall be counted. The Commission shall adopt rules
10 regarding staff-child ratios, group sizes and
11 multi-age groupings for each category of facility
12 other than for infants and toddlers, provided that
13 such rules and regulations shall be no less
14 stringent than those currently required for staff-
15 child ratios as enacted in Section 156(e) of
16 Chapter 757 of the 1985 Session Laws. The staff-
17 child ratios and group sizes for infants and
18 toddlers are as follows:

<u>Child Age</u>	<u>Ratio</u>	<u>Group Size</u>
19 0-12 mo.	5	10
20 12-24 mo.	6	12
21 2-3 yrs.	10	20."

23 Sec. 2. There is appropriated from the General Fund to
24 the Day Care Section, Division of Facility Services, Department

1 of Human Resources, the sum of six hundred thirty-four thousand
2 seven hundred forty dollars (\$634,740) for the 1993-94 fiscal
3 year and the sum of six hundred forty thousand one hundred
4 dollars (\$640,100) for the 1994-95 fiscal year to implement this
5 act.

6 Sec. 3. This act becomes effective January 1, 1994.

DRAFT
FOR REVIEW ONLY

LEGISLATIVE PROPOSAL V SUMMARY
A BILL TO BE ENTITLED
AN ACT TO LOWER THE STAFF/CHILD RATIO AND GROUP SIZE FOR
INFANTS AND TODDLERS IN CHILD CARE

Section 1 sets the staff/child ratio for infants and toddlers in all day care by statute, effective January 1, 1994, by amending G.S. 110-91(7) to insert the following schedule::

<u>Child Age</u>	<u>Ratio</u>	<u>Group Size</u>
0 - 12 mo.	5	10
12 - 24 mo.	6	12
2 - 3 yrs.	10	20.

Section 2 appropriates six hundred thirty-four thousand seven hundred forty dollars for the first fiscal year of the biennium and six hundred forty thousand one hundred dollars the second year to implement this act.

Section 3 makes this act effective January 1, 1994.



LEGISLATIVE PROPOSAL VI

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

93-LFZ-032(1.1)

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

**DRAFT
FOR REVIEW ONLY**

Short Title:.. Child Care Commission.

(Public)

Sponsors: Representative Easterling *Senator Richardson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE LEGISLATIVE STUDY COMMISSION ON CHILD
3 CARE ISSUES.
4 The General Assembly of North Carolina enacts:
5 Section 1. Chapter 120 of the General Statutes is
6 amended by adding a new Article to read:
7 "ARTICLE 12J.
8 "Legislative Commission on Child Care Issues.
9
10 "§ 120-70.90. Commission established.
11 The Legislative Commission on Child Care Issues is established
12 as a permanent commission. As used in this Article, the term
13 'Commission' means the Legislative Commission on Child Care
14 Issues.
15 "§ 120-70.91. Powers and duties; study.
16 The Commission shall study State government policy and programs
17 affecting child care issues, specifically addressing child care
18 issues from the point of existing laws, governmental programs
19 needed or already functioning, and current child care issues.
20 The Commission shall work in close collaboration with all
21 agencies and programs dealing with child care. Among the issues
22 the Commission may consider studying are:
23 (1) Prior recommendations of other study commissions
24 that have reviewed child day care and other child

- 1 care services since 1980 and an assessment of
2 compliance with these recommendations;
3 (2) The advantages and costs associated with measures
4 to improve the quality of child care, including
5 lowering staff/child ratios, financing child care
6 teaching credentialing, improving training of child
7 care teachers, and improving salaries of all child
8 care workers;
9 (3) Ways to maximize the positive impact on North
10 Carolina of the federal block grant;
11 (4) Ongoing examination of the current statutory
12 regulation of child care and the procedures used to
13 develop policies and rules in order to ensure that
14 all North Carolina's children in child care can
15 receive quality care that is both enriching and
16 safe;
17 (5) The relationship between child care services
18 offered by for-profit and nonprofit, public and
19 private, child care providers, including the public
20 schools, to ensure that parents have full choice of
21 safe, quality child care;
22 (6) Ways to continue towards the development of a
23 unified State policy for funding and delivery of
24 all child care services;
25 (7) Any additional issues the Commission may consider
26 necessary to study.

27 "§ 120-70.92. Membership; cochair; vacancies.

28 The Commission shall consist of 14 members. Members serving ex
29 officio may designate other people to represent them:

- 30 (1) The Secretary of Human Resources;
31 (2) The Superintendent of Public Instruction;
32 (3) Three members of the House of Representatives
33 appointed by the Speaker of the House;
34 (4) Three members of the Senate appointed by the
35 President Pro Tempore of the Senate;
36 (5) Two members at large appointed by the Speaker of
37 the House, one of whom shall be from an urban area
38 in the west and one of whom shall be from a rural
39 area in the east;
40 (6) Two members at large appointed by the President of
41 the Senate, one of whom shall be from a rural area
42 in the west and one of whom shall be from an urban
43 area in the east; and

1 (7) Two members at large appointed by the Governor, one
2 of whom shall be from a rural area in the Piedmont
3 and one of whom shall be from an urban area in the
4 Piedmont.

5 Vacancies shall be filled in the same manner as the initial
6 appointments. Ex officio members are not voting members.

7 The Commission shall have its initial meeting no later than
8 September 1, 1993, at the call of the Speaker of the House and
9 the President Pro Tempore of the Senate. The Speaker of the
10 House and the President Pro Tempore shall each appoint a cochair
11 from the membership of the Commission. The membership shall meet
12 upon the call of the cochair.

13 "§ 120-70.93. Compensation and expenses of members.

14 The Commission members shall receive no salary for serving but
15 shall receive necessary subsistence and travel expenses in
16 accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6
17 as applicable.

18 "§ 120-70.94. Additional powers.

19 The Commission may hold public meetings across the State to
20 solicit public input with respect to the issues of child care.

21 The Commission shall have authority to obtain information and
22 data from all State officers, agents, agencies, and departments
23 while in the discharge of its duties, pursuant to the provisions
24 of G.S. 120-19 as if it were a committee of the General Assembly.
25 The Commission shall have the authority to call witnesses, compel
26 testimony relevant to any matter properly before the Commission,
27 and subpoena relevant records and documents. The provisions of
28 G.S. 120-19.1 through G.S. 120-19.4 shall apply to the
29 proceedings of the Commission as if it were a joint committee of
30 the General Assembly. In addition to the other signatures
31 required for the issuance of a subpoena under this section, the
32 subpoena shall also be signed by the cochair of the Commission.
33 Any cost of providing information to the Commission not covered
34 by G.S. 120-19.3 may be reimbursed by the Commission from funds
35 available for the Commission's work.

36 The Commission shall report its findings and recommendations to
37 the General Assembly and the Governor no later than February 1 of
38 each odd-numbered year. The Commission may report no later than
39 June 1 of each even-numbered year to the General Assembly and the
40 Governor.

41 "§ 120-70.95. Staffing.

42 At the request of the Commission, the Legislative Services
43 Commission may supply members of the staff of the Legislative
44 Services Office and clerical assistance to the Commission as it

1 considers appropriate. The Commission may, with the approval of
2 the Legislative Services Commission, meet in the State
3 Legislative Building or the Legislative Office Building."

4 Sec. 2. There is appropriated from the General Fund to
5 the General Assembly the sum of twenty-five thousand dollars
6 (\$25,000) for the 1993-94 fiscal year and the sum of twenty-five
7 thousand dollars (\$25,000) to fund the Legislative Study
8 Commission on Child Care Issues.

9 Sec. 3. This act becomes effective July 1, 1993.

10

**DRAFT
FOR REVIEW ONLY**

LEGISLATIVE PROPOSAL VI SUMMARY
A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE LEGISLATIVE STUDY COMMISSION ON CHILD
CARE ISSUES AND TO APPROPRIATE FUNDS

section 1 adds a new article, Article 12F, to Chapter 120 of the General Statutes in order to create the Legislative Commission on Child Care Issues. The powers and duties of this Commission are those of a formal commission. The study authorized is very broad. The Commission is authorized to examine, in addition to the issues described, any additional issues it considers necessary to provide an on-going examination of the role the State can and should play in all aspects of child care in North Carolina. The Commission is to consist of 14 members, two serving ex officio (the Secretary of Human Resources and the Superintendent of Public Instruction) and 12 appointed. The appointed members are appointed so as to guarantee a demographically broad representation. The first meeting of the Commission is to be held no later than September 1, 1993.

Section 2 appropriates twenty-five thousand dollars each fiscal year of the biennium for the Commission.

Section 3 makes the act effective July 1, 1993.



LEGISLATIVE PROPOSAL VII

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

93-LFZ-022(1.1)
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

DRAFT
FOR REVIEW ONLY

Short Title: Day Care Provider Records.

(Public)

Sponsors: Representative Easterling * Senator Richardson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MANDATE CRIMINAL RECORD CHECKS OF CHILD DAY CARE
3 PROVIDERS AND SPOUSES OF CHILD DAY CARE OPERATORS.
4 The General Assembly of North Carolina enacts:
5 Section 1. Chapter 110 of the General Statutes is
6 amended by adding a new section to read:
7 "§ 110-90.2. Mandatory day care providers' Criminal Record
8 Checks.
9 (a) For purposes of this section, 'day care provider' means any
10 employee, prospective employee, or operator, directly providing
11 day care. 'Day care provider' does not mean a day care employer,
12 if that employer does not provide direct day care but employs an
13 operator and employees to provide that care or if the day care is
14 provided in a child day care home that does not receive State
15 purchase-of-care funds.
16 This section mandates criminal record checks of all day care
17 facilities, including church-sponsored day care facilities and
18 those child day care homes that receive State purchase-of-care
19 funds.
20 (b) Effective December 1, 1993, the Department shall ensure
21 that no applicant to provide day care may be employed in or may
22 operate a day care facility or a State-subsidized child day care
23 home who has been convicted of the crime of felony or misdemeanor
24 child abuse.

1 Effective December 1, 1993, the Department shall also ensure
2 that no applicant to become a day care operator may operate a day
3 care facility or a State-subsidized child day care home the
4 operator or the operator's spouse has been convicted of the crime
5 of felony or misdemeanor child abuse.

6 (c) All applicants to provide day care in any day care
7 facility or State-subsidized child day care home shall be
8 fingerprinted on two cards by the local sheriff or the municipal
9 police, depending on where the home or facility is located, in
10 the manner prescribed by the State Bureau of Investigation.

11 All spouses of applicants to operate a day care facility or
12 State-subsidized child day care home shall be fingerprinted in
13 the manner prescribed by the first paragraph of this subsection.

14 The local sheriff or the municipal police may charge a fee not
15 to exceed five dollars (\$5.00) for the fingerprinting under this
16 subsection. The applicant's or operator's employer, prospective
17 or actual, shall pay this cost. If the employer is the operator,
18 the operator shall pay the cost.

19 The employer, prospective or actual, shall submit to the
20 Department:

- 21 (1) The two fingerprint cards; and
22 (2) A completed standardized record check form from the
23 clerk of superior court reflecting a check of any
24 conviction of misdemeanor or felony child abuse
25 within the county of the applicant's residence.

26 (d) Upon receipt of required forms prescribed by subsection
27 (b), the Department shall:

- 28 (1) Forward both fingerprint cards, fees required by
29 the State Bureau of Investigation and the Federal
30 Bureau of Investigation, and record check form to
31 the State Bureau of Investigation for a Police
32 Information Network (PIN) check and manual
33 fingerprint check for a conviction of crimes
34 prescribed in subsection (b). The State Bureau of
35 Investigation shall forward one fingerprint card to
36 the Federal Bureau of Investigation for a manual
37 national check for conviction of crimes prescribed
38 in subsection (b); and
39 (2) Notify the employer as to whether the applicant
40 qualifies for continued employment under this
41 section. If the employer is the operator-applicant
42 and if the procedures under this section reveal
43 that the operator-applicant does not qualify for
44 continued employment, the Department shall remove

1 the day care license, registration, or notice of
2 approval pursuant to G.S. 110-106, or shall refuse
3 to issue such.

4 The Department shall notify the employer as to
5 whether the spouse of an applicant to operate a
6 child day care facility or a State subsidized child
7 day care home has been convicted of a crime
8 prescribed by subsection (b) of this section. If
9 the spouse of a day care operator has such a
10 conviction, the employer shall terminate the
11 operator's employment. If the employer is the
12 operator, the Department shall remove the day care
13 license, registration, or notice of approval
14 pursuant to G.S. 110-106, or shall refuse to issue
15 such.

16 Fingerprint cards used by the State Bureau of
17 Investigation and the Federal Bureau of
18 Investigation are returned to the Department after
19 the checks.

20 The applicant's or operator's employer, prospective or actual,
21 shall pay the cost of the record checks. If the employer is the
22 operator, the operator shall pay the cost.

23 (e) The employer may employ an otherwise qualified applicant
24 for the period of time pending the outcome of the State and
25 federal record checks. The employer shall terminate this
26 provisional employment immediately upon the Department's
27 notification that the provisional provider or the day care
28 operator's spouse has a State or federal record of conviction of
29 a crime prescribed by subsection (b) of this section. If the
30 employer is the operator, the Department shall terminate the
31 employment and revoke the day care license, registration, or
32 notice of approval pursuant to G.S. 110-106.

33 (f) When a new day care facility seeks a license, or reports
34 pursuant to G.S. 110-106, or a new State-subsidized child day
35 care home seeks registration, or when a facility seeks
36 relicensure or reports annually pursuant to G.S. 110-106, or a
37 new State-subsidized child day care home seeks reregistration,
38 the Department shall make it a condition of the issuance of the
39 license, of the reporting pursuant to G.S. 110-106, registration,
40 renewal of license, of the reporting pursuant to G.S. 110-106,
41 renewal of registration, that all applicants to provide day care
42 and all spouses of applicants to operate a day care facility or
43 State subsidized day care home have their State and federal
44 records checked pursuant to the process mandated by this section.

**DRAFT
FOR REVIEW ONLY**

1 The Commission shall adopt rules to establish a procedure to
2 permit new providers of day care to receive a provisional
3 license, notice of compliance pursuant to G.S. 110-103 or
4 registration pending the outcome of these checks. The Department
5 shall terminate this license, notice of compliance or
6 registration immediately upon finding that the provisional
7 provider or spouse of a provisional day care operator has a State
8 or federal record of a crime prescribed by subsection (B) of this
9 section.

10 (g) Any person who fails to disclose a criminal conviction of
11 misdemeanor or felony child abuse is guilty of a misdemeanor and
12 shall be punished as prescribed by G.S. 110-103."

13 Sec. 2. The North Carolina Child Day Care Commission
14 shall adopt rules to implement this act, in consultation with the
15 Child Day Care Section of the Division of Facility Services,
16 Department of Human Resources, and the State Bureau of
17 Investigation.

18 Sec. 3. There is appropriated from the General Fund to
19 the North Carolina Department of Human Resources the sum of fifty
20 thousand dollars (\$50,000) for the 1993-94 fiscal year and the
21 sum of fifty thousand dollars (\$50,000) for the 1994-95 fiscal
22 year to implement Section 1 of this act.

23 Sec. 4. This act becomes effective July 1, 1993. This
24 act applies to persons applying or reapplying for work as day
25 care providers and spouses of persons applying or reapplying for
26 work as day care operators on or after this date. This act also
27 applies to persons employed as day care providers and spouses of
28 persons employed as day care operators as of this date when the
29 provider or operator changes their place of employment.

LEGISLATIVE PROPOSAL VII SUMMARY

A BILL TO BE ENTITLED

AN ACT TO MANDATE CRIMINAL RECORD CHECKS OF CHILD DAY CARE PROVIDERS AND SPOUSES OF CHILD DAY CARE OPERATORS AND TO APPROPRIATE FUNDS

DRAFT
FOR REVIEW ONLY

This bill is basically identical to the 1992 proposed committee substitute for House Bill 466 that was drafted for House Judiciary II and endorsed by this Committee in its interim report. The initial House Bill 466 was introduced by Representative Pete Thompson in the 1991 Session. The 1992 General Assembly did not take up the bill in its committee substitute form.

Section 1 adds new G.S. 110-92 to direct the Department of Human Resources to prohibit, effective December 1, 1993, persons convicted of misdemeanor or felony child abuse from working in or operating a day care facility and to prohibit operators whose spouses are convicted of these crimes from operating a facility. Religious sponsored day care facilities and homes that receive State purchase-of-care funds are included in this regulation. The bill requires day care operators to submit fingerprint cards taken of all prospective employees, operators, and spouses of operators to the department. The operators are to bear the cost of the fingerprinting (a fee not to exceed five dollars) and for the cost of the State and federal record checks (approximately forty-four dollars). The Department is required to submit fingerprints to the State Bureau of Investigation for a State check of prior child abuse convictions. the SBI is required to forward one fingerprint card to the Federal Bureau of Investigation for a manual record check of prior convictions. License or registration application rejection, license or registration revocation, or rejection of renewal is the penalty for any operator's continuing to operate after receipt of notification by the Department that a prospective provider has a prior conviction. There is provision made for provisional employment of an otherwise qualified provider until notification. if any person regulated by this section fails to disclose a prior conviction of misdemeanor or felony child abuse, that person is guilty of a misdemeanor punishable by a fine not to exceed three hundred dollars, imprisonment for not more than 30 days, or both.

Section 2 requires the North Carolina Child Day Care Commission to adopt rules to implement the act, in consultation with the Child Day Care Section of the Division of Facility Services of the Department of Human Resources and the State Bureau of Investigation.

Section 3 appropriates fifty thousand dollars each fiscal year to the Department of Human Resources to implement this act.

Section 4 makes the act effective July 1, 1993 and applies to persons applying or reapplying for work as day care providers or operators on or after December 1, 1993, and to spouses of operators applying or reapplying for work on or after December 1, 1993. For purposes of this act changing the place of employment is considered reapplying for work.



LEGISLATIVE PROPOSAL VIII

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

D

93-LFZ-030(1.1)

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

DRAFT
FOR REVIEW (Public)

Short Title: Day Care Home Safety.

Sponsors: Representative Easterling *Senator Richardson:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO BAN CORPORAL PUNISHMENT FROM CERTAIN "UNREGISTERED" DAY
3 CARE THAT RECEIVES REIMBURSEMENT FROM THE STATE.
4 The General Assembly of North Carolina enacts:
5 Section 1. Article 7 of Chapter 110 of the General
6 Statutes is amended by adding a new section to read:
7 "§ 110-101.1. Corporal punishment banned in certain
8 'unregistered' homes.
9 The use of corporal punishment as a form of discipline is
10 prohibited in those day care homes that are not required to be
11 registered under this Article but that receive State subsidies
12 for child day care unless this care is provided by grandparents,
13 aunts, uncles, step-grandparents, or great-grandparents. Care
14 provided by grandparents, aunts, uncles, step-grandparents, or
15 great-grandparents is not subject to this section. Religious
16 sponsored unregistered homes are also exempt from this section."
17 Sec. 2. This act is effective upon ratification.

LEGISLATIVE PROPOSAL VIII SUMMARY
A BILL TO BE ENTITLED
AN ACT TO BAN CORPORAL PUNISHMENT FROM CERTAIN
"UNREGISTERED" DAY CARE THAT RECEIVES REIMBURSEMENT FROM THE
STATE

Section 1 adds a new G.S. 110-101.1, which prohibits the use of corporal punishment as a form of discipline in those day care homes that are not required to be registered but that receive State subsidies for child care, except for care provided by close relatives, defined as grandparents, aunts, uncles, step-grandparents, and great-grandparents. This "relative" care is exempt from this new section, as is religious sponsored unregistered home care.

Section 2 makes this act effective upon ratification.

LEGISLATIVE PROPOSAL IX

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S/H

D

93-LFZ-029(1.1)

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

DRAFT

Short Title: 93-LFZ-029(1.1).

FUR REVIEW (Public)

Sponsors: Representative Easterling *Senator Richardson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THAT ALL WORKERS IN ALL "UNREGISTERED" DAY CARE
3 THAT RECEIVES REIMBURSEMENT FROM THE STATE RECEIVE REGULARLY
4 UPDATED PEDIATRIC CPR TRAINING.
5 The General Assembly of North Carolina enacts:
6 Section 1. Article 7 of Chapter 110 of the General
7 Statutes is amended by adding a new section to read:
8 § 110-101.2. CPR Training in 'unregistered' homes.
9 All day care workers who provide care in all those day care
10 homes that are not required to be registered under this Article
11 but that receive State subsidies for child care, including care
12 provided by grandparents, aunts, uncles, step-grandparents, or
13 grand-parents and in religious-sponsored unregistered homes shall
14 complete training in pediatric CPR and shall have this training
15 updated every two years. The Social Services Commission shall,
16 in its rulemaking, adopt a schedule for implementing this
17 subsection."
18 Sec. 2. This act is effective upon ratification.

LEGISLATIVE PROPOSAL IX SUMMARY
A BILL TO BE ENTITLED
AN ACT TO REQUIRE THAT ALL WORKERS IN ALL "UNREGISTERED" DAY
CARE THAT RECEIVES REIMBURSEMENT FROM THE STATE RECEIVE
REGULARLY UPDATED PEDIATRIC CPR TRAINING

Section 1 adds a new G.S. 110-101.2, which requires that all day care workers who provide care in all those day care homes that are not required to be registered but that receive State subsidies for child care receive regularly updated training in pediatric CPR. This section applies to "relative" provided care and to 'unregistered' religious sponsored home care. Under G.S. 110-106.1, religious sponsored home care is required to follow the minimum health and safety requirements prescribed for registered homes. The new section makes this staff training requirement applicable to religious sponsored 'unregistered' homes as it clearly relates to health and safety. The section also requires that the Social Services Commission adopt a schedule for implementing its requirement.

Section 2 makes the act effective upon ratification.

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