

Department of Health and Human Services

Division of Child Development and Early Education

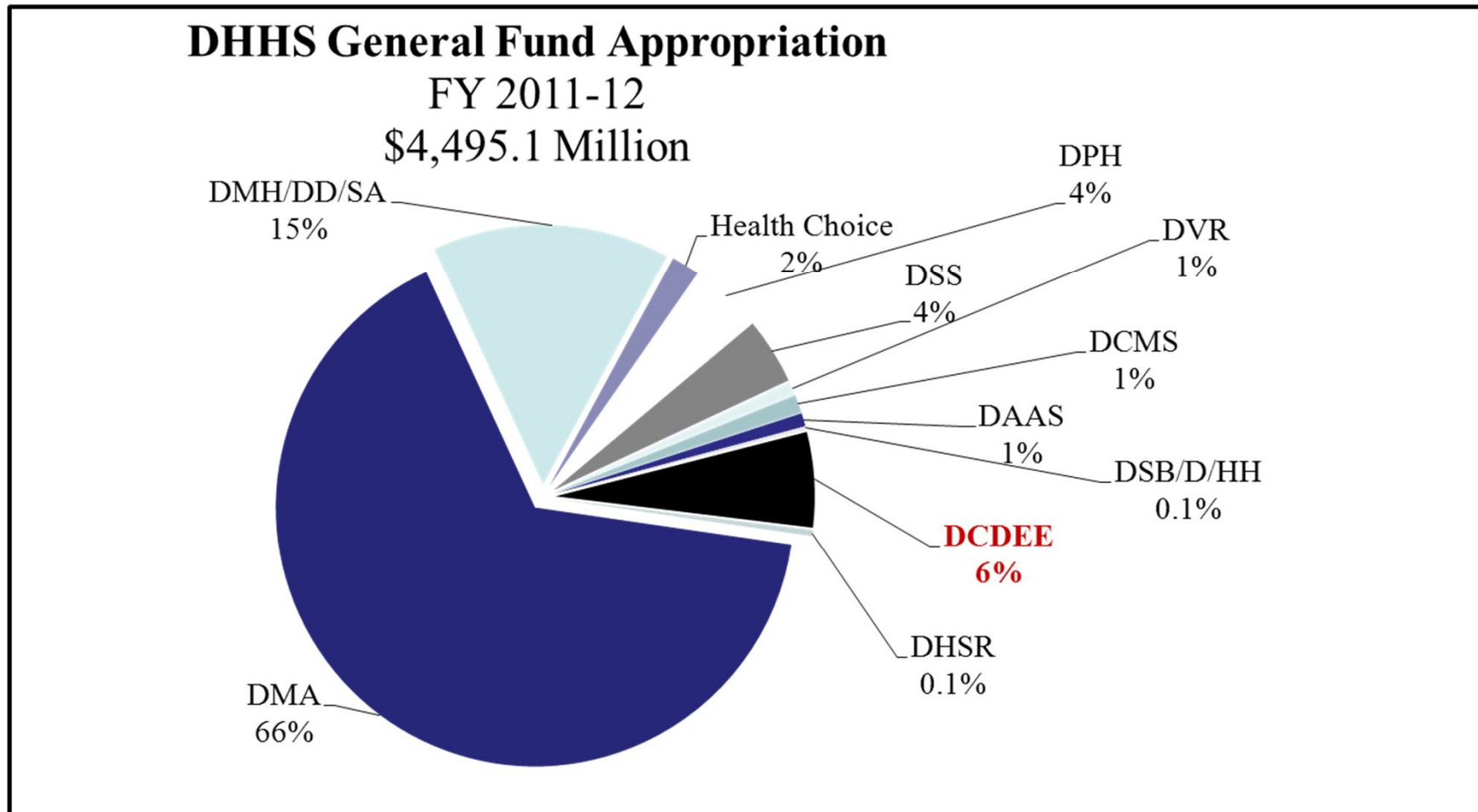


FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Department of Health and Human Services Budget

	Actual	Actual	Appropriation	Appropriation
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Requirements	18,126,545,619	18,627,591,550	18,087,219,722	17,697,877,744
Receipts	14,275,041,465	14,609,933,767	13,592,092,770	13,242,714,811
Net Appropriations	\$3,851,504,154	\$4,017,657,783	\$4,495,126,952	\$4,455,162,933
Positions (FTE)	17,521.61	17,249.37	16,761.77	16,751.87

Department of Health and Human Services Budget



Division of Child Development and Early Education

Mission

“To build a stronger social and economic future for North Carolina by promoting high quality early childhood experiences.”

- Ensure the health and safety of children in child care settings
- Provide child care financial assistance
- Improve quality and availability of child care
- Parent Outreach

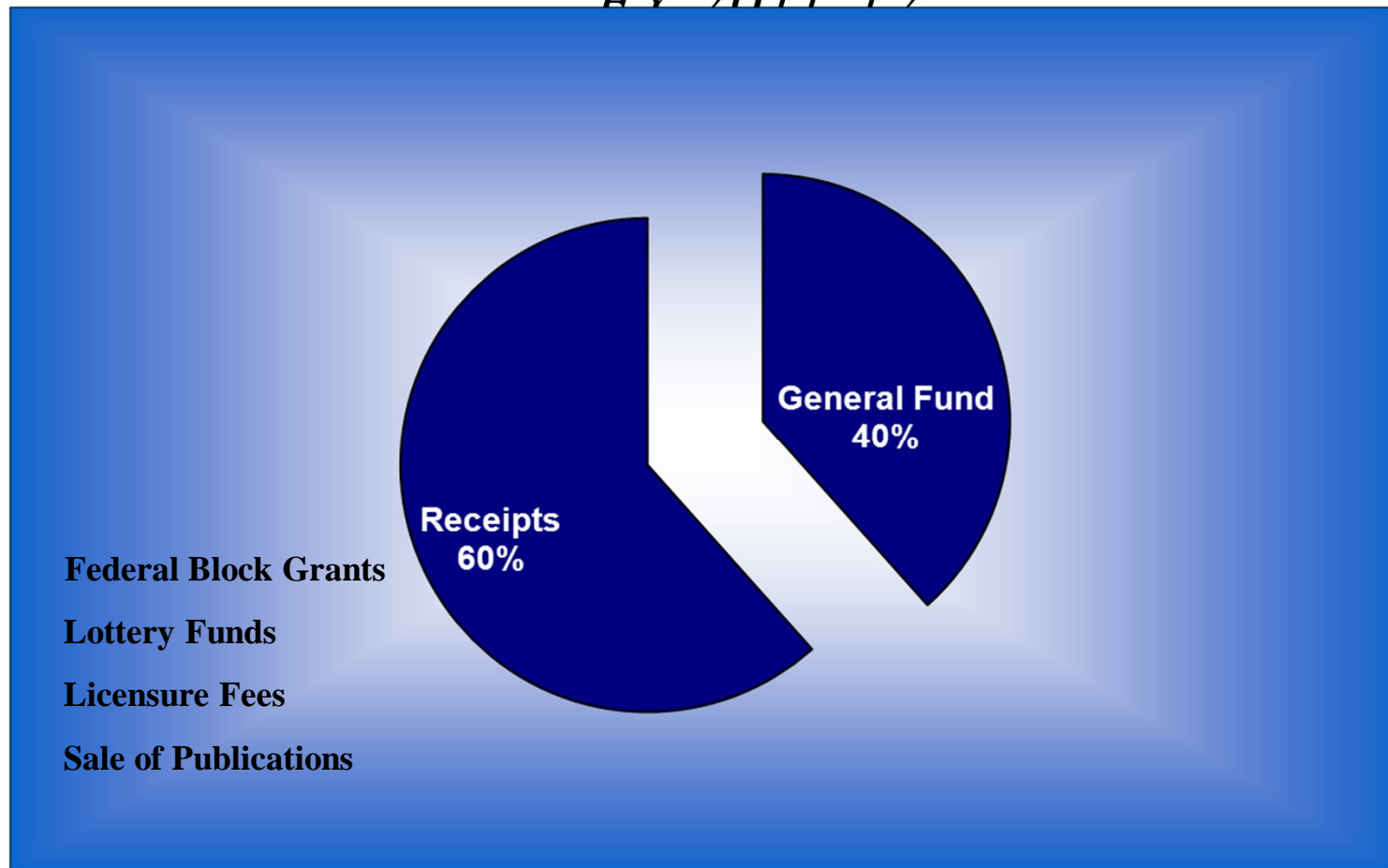
Division of Child Development and Early Education Budget Requirements

	2009-2010 Actual	2010-2011 Actual	2011-2012 Certified Budget	2012-13 Certified Budget
Total Requirements	\$640,530,353	\$612,436,206	\$671,627,310	\$671,627,310
Receipts	(\$383,523,239)	(\$378,101,935)	(\$405,524,377)	(\$405,524,377)
Appropriation	\$257,007,114	\$234,334,271	\$266,102,933	\$266,102,933
Positions	300.75	300.75	295.75	295.75

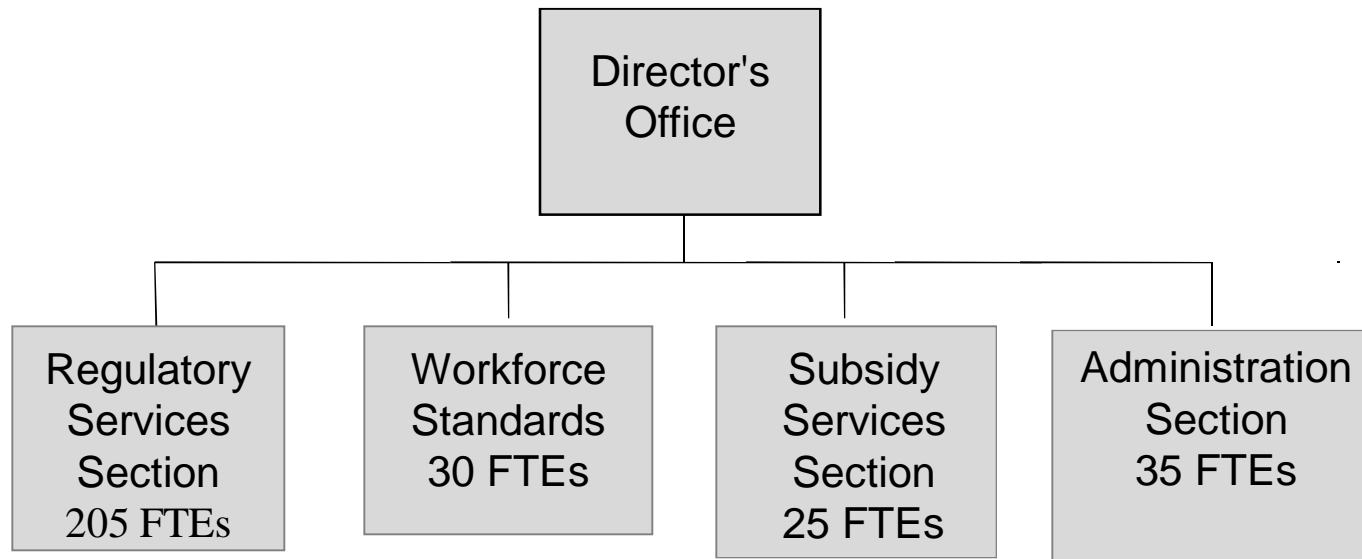
Division of Child Development and Early Education

Where do funds come from?

FY 2011-12



Division of Child Development and Early Education Organizational Chart



Division of Child Development and Early Education

- Child Care Commission
 - 17 Members Appointed by the Governor and General Assembly
 - 2 members added in 2011 with Early Childhood expertise
 - Adopt rules related to the licensure of child care facilities and enhancing standards
 - Social Services Commission

Division of Child Development and Early Education

Licensure and Regulations

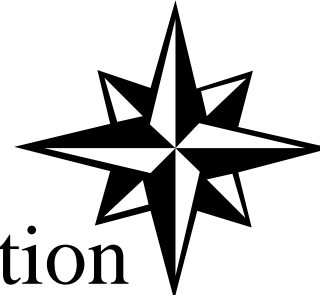
Regulation is required when 3 or more (unrelated) children are in care for more than 4 hours per day at least one day a week.

G.S. 110-91

Arrangements not considered child care include:

- Summer Day Camps
- Drop-in or short-term care
- Public and Private Schools
- Bible Schools
- Residential Child Care Facilities
- Mothers Morning Out Programs

Division of Child Development and Early Education Star Rated System



- Licensing system that provides information about regulated child care facilities
- The System is designed to measure quality in areas of program standards and teacher/staff education
- The system is 1-5 stars based on these standards, 5 is the highest.

Division of Child Development and Early Education

Regulatory Services Section

- Staff conduct site visits to regulated child care centers and homes
 - Pre-licensing visits to new facilities
 - Annual compliance visits (unannounced)
 - Complaint visits
 - Follow-up visits for administrative actions, etc.
 - Administrative Actions include closing a facility immediately if danger exists, downgrading a license to probationary status and requiring a corrective action plan, not allowing enrollment growth.
 - Civil penalties may be assessed based on willful or negligent noncompliance of the operator (\$250-\$1,000)

Division of Child Development Regulatory Services Section

Abuse and Neglect Investigations

- Investigate allegations of abuse and neglect in Centers and Family Child Care Homes
- Work with local Departments of Social Services
- Work with providers on Corrective Action Plans and take actions against licenses

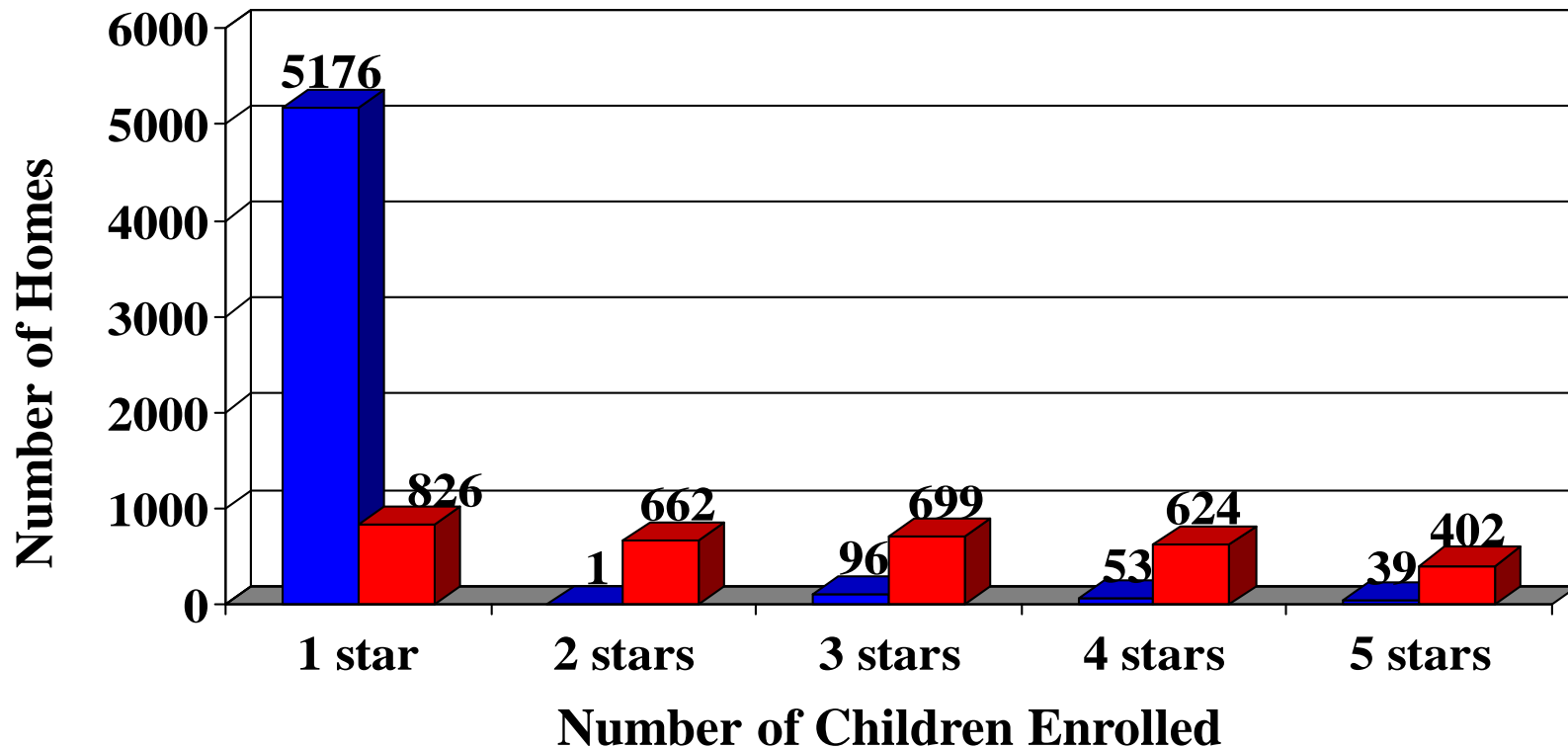
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Licensure and Regulations

- 8,500 regulated facilities
 - 4,400 Centers
 - 3,519 Homes
- Schools – Voluntarily licensed
- Religious Organizations
 - May operate under requirements of G.S. 110-106 and send letter of intent to division to exempt from licensure

Family Child Care Homes with Star Rated Licenses and Enrollment (Sept. 2000 and Aug. 2011)

■ Sept. 2000 ■ Aug. 2011

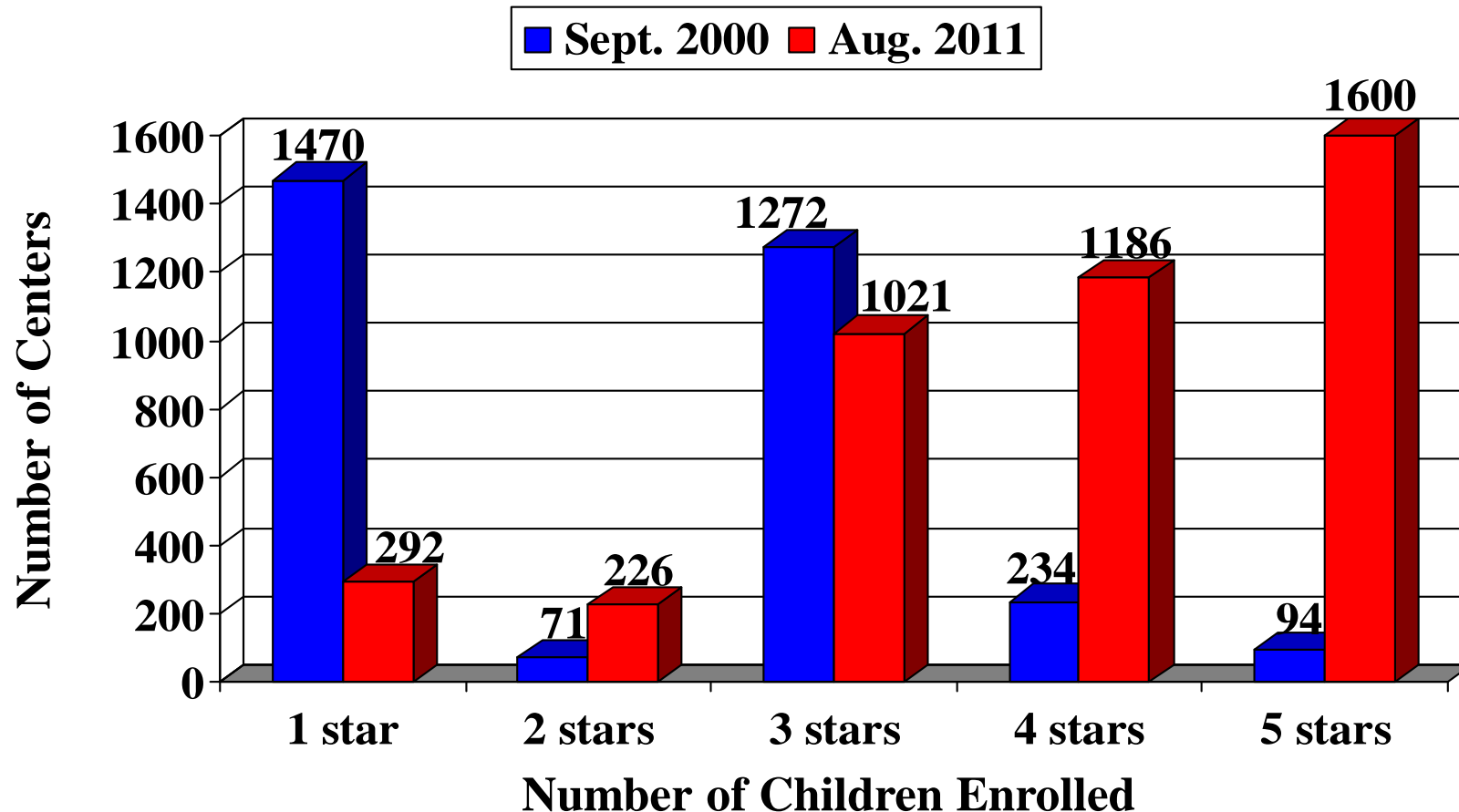


2000	18,490	0	361	259	189
2011	3,586	3,834	4,434	4,015	2,849

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DCDEE

Of the children in homes w/ 1-5 stars, 60% are enrolled in homes with ratings of 3-5 stars.

Child Care Centers with Star Rated Licenses and Enrollment (Sept. 2000 and Aug. 2011)



2000	75,828	3,250	70,077	11,440	4,335
2011	12,726	7,787	40,425	64,805	86,532

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DCDEE

Of the children in centers w/ 1-5 stars, 90% are enrolled in centers with ratings of 3-5 stars.

Division of Child Development and Early Education Licensure Fees

- Annual Fee
- Implemented FY 2003-04 for Centers and increased in FY 2009-10
- In 2009-10 Homes were charged a licensure fee
- Based upon capacity of center
 - 12 or fewer children \$52
 - 13-50 children \$187
 - 51-100 children \$375
 - 101 or more children \$600
- Generates approximately \$1.3 million annually



Division of Child Development

Child Care Subsidy

- Supports Working Families who qualify
 - Children up to 12 years old and 17 for developmentally disabled children
- Supports Child Welfare Services
- Supports Educational & Job Related Training
- Supports Children With Special Needs

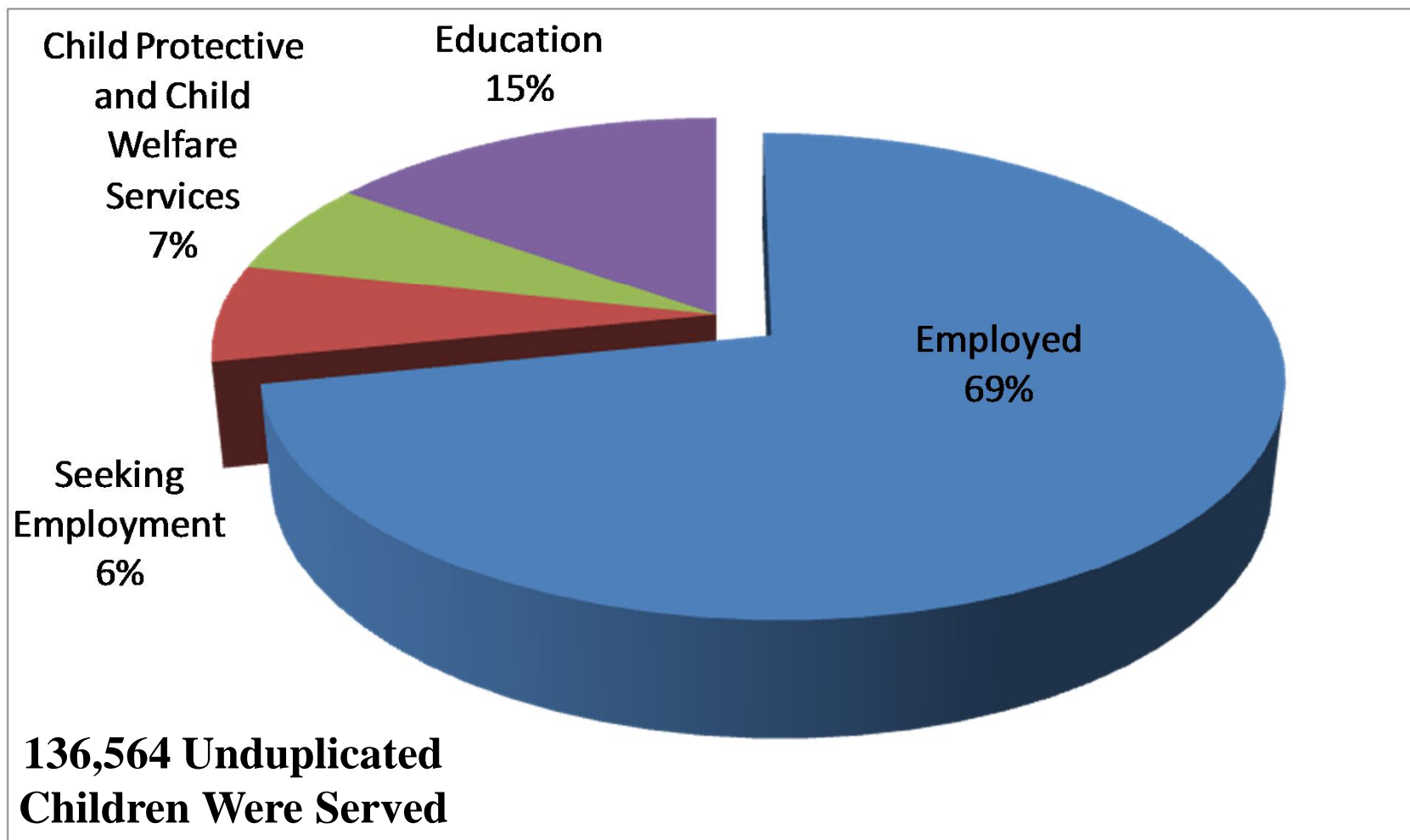
Child Care Subsidy Eligibility

ELIGIBLE FAMILIES

- The child's parents are working, or are attempting to find work;
- The child's parents are in school or in a job training program;
- The child is receiving child protective services;
- The child needs child care to support child welfare services or because the family is experiencing a crisis, or
- The child is developmentally delayed, or is at risk of being developmentally delayed.

Child Care Subsidy

Characteristics of Families Served (FY2010-11 Data)



Division of Child Development and Early Education Child Care Subsidy

- Allocation formula of state and federal funds to counties:
 - Smart Start mandatory 30% subsidy funding is factored in the allocation formula
 - Based on the projected cost of serving children under age 11 in families with all parents working earning less than 75% of SMI
 - Reallocation is allowed

Division of Child Development and Early Education

Child Care Subsidy

State-supervised, locally administered voucher system

Families choose child care arrangements

Eligibility 75% of state median income (SMI)

Number in Family	2	3	4	5
Monthly Earnings	\$2,528	\$3,123	\$3,718	\$4,312
Annual Income (75% SMI)	\$30,336	\$37,476	\$44,616	\$51,744
State Median Annual Income	\$40,447	\$49,964	\$59,481	\$68,998

Division of Child Development

Child Care Subsidy

Parent Fees

Family Size	Maximum Annual Income for Eligibility for Subsidy Services	Fee for Subsidy Services
2	\$30,336	10% = \$253/month
3	\$37,476	10% = \$312/month
4	\$44,616	9% = \$335/month
6	\$58,884	8% = \$393/month

Families pay a fee: 1-3 family members pay 10% of gross income for child care, 4-5 pay 9% and families of 6 or more pay 8%

Child Care Subsidy

Funding FY2011-12 Certified Budget

From All Sources

**Child Care Development Fund
Block Grant \$158M**

**Temporary Assistance for Needy
Families Block Grant \$147M**

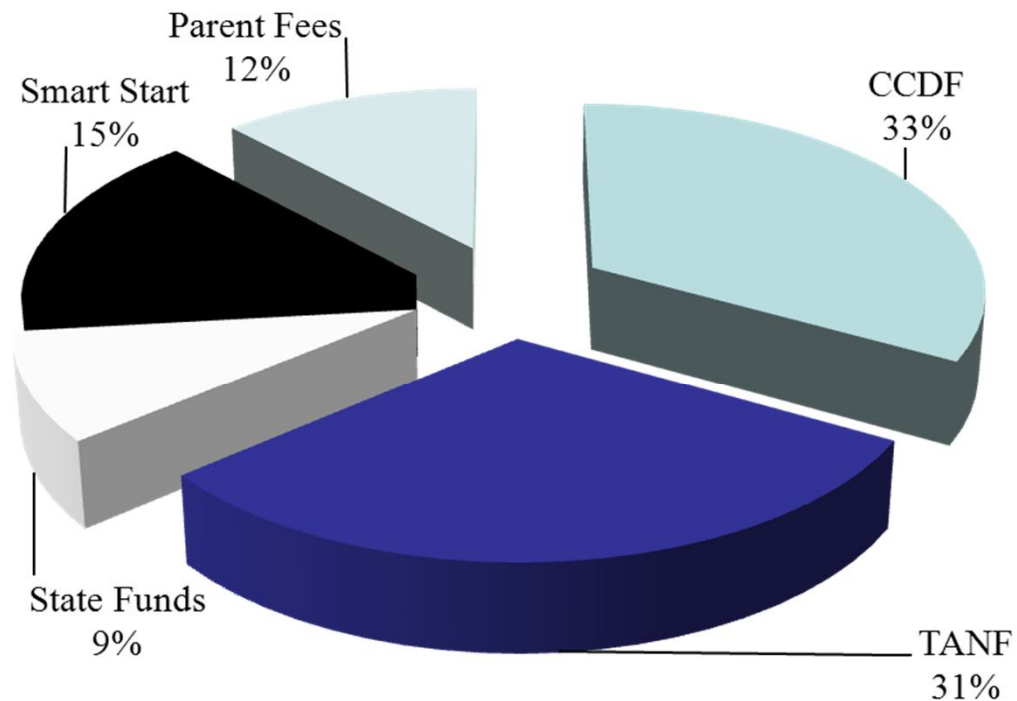
State Funds \$44.4M

Smart Start \$70.6M

Parent Fees \$57M

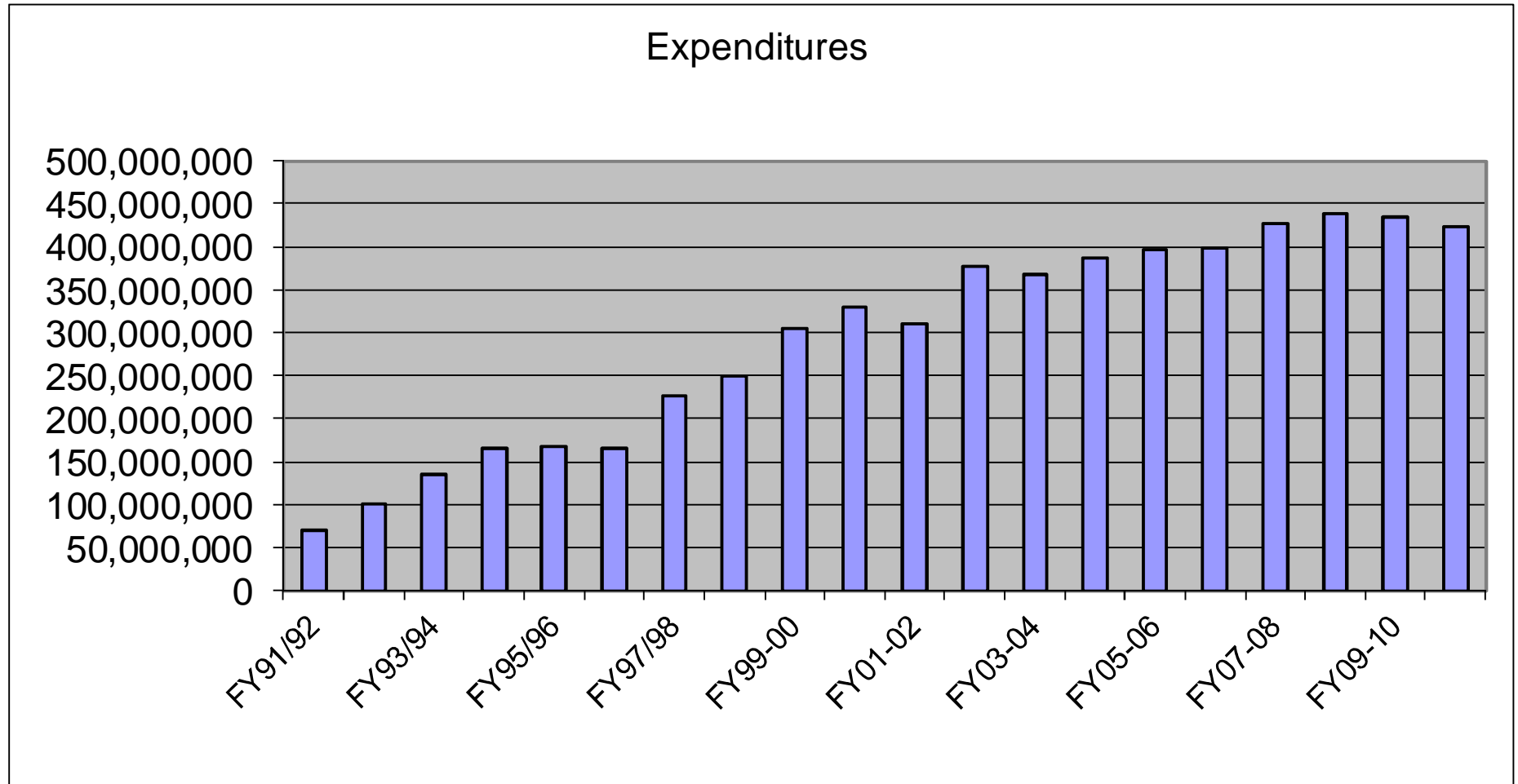
Total \$477M

*****NC Pre-K = \$128M**



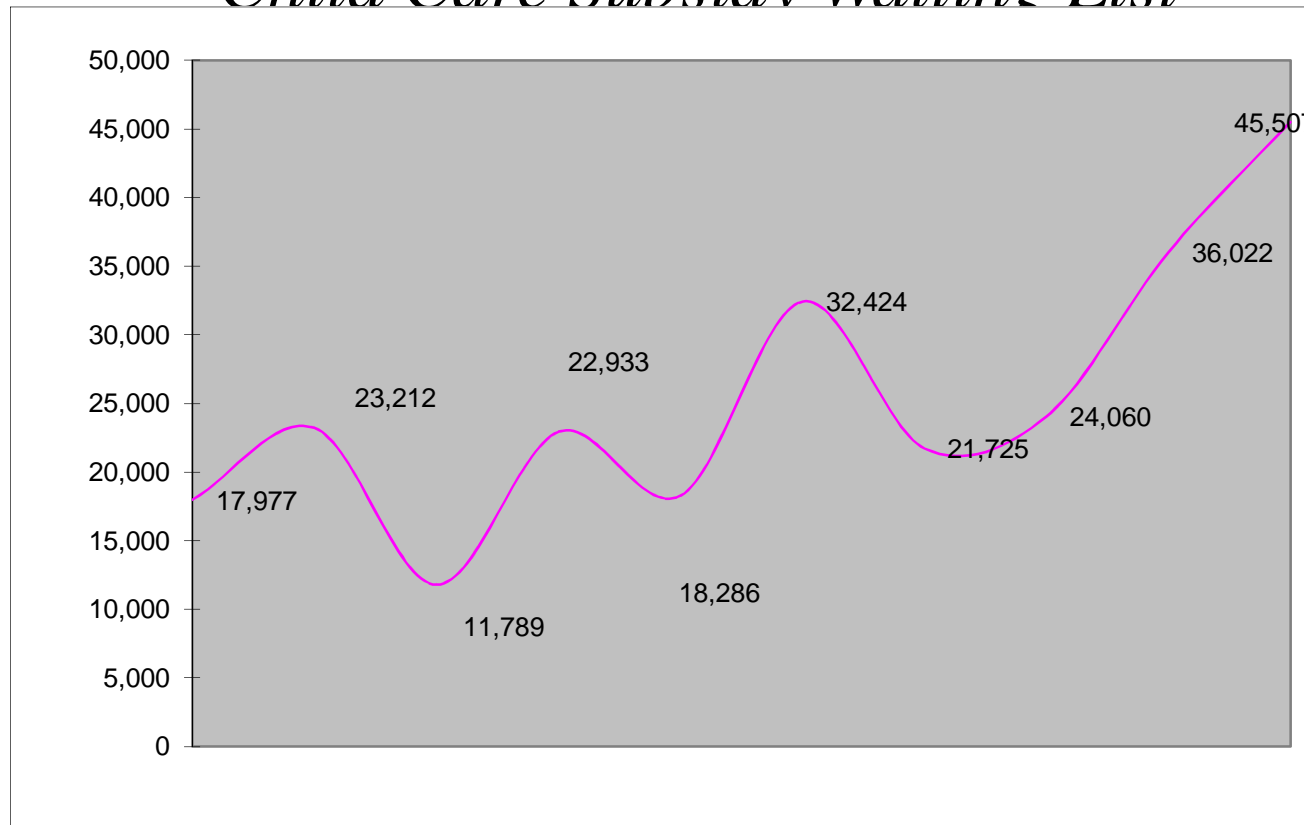
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Trends in Child Care Subsidy



Division of Child Development and Early Education

Child Care Subsidy Waiting List



50,695 as
of August
2011

2001

Division of Child Development and Early Education Subsidy Rates

- NC child care subsidy rates are set at the 75th percentile of market, based on survey data
- Rate categories are based on location, whether the program is a center or a home, the age of children, and the quality of center
- Last market rate increase was implemented in October 2007, and market rate adjustment was partial – ranged from 10% - 30% implementation of the 2007 survey rate recommendations
 - S.L. 2011-145 allows DCDEE to adjust rates for 4 and 5 star rated facilities and NC Pre-K classrooms based upon market analyses

Division of Child Development

Quality Enhancement Activities

Contract for Environment Rating Scales – assessments for centers and homes

Child Care Resource and Referral – services for parents and providers; technical assistance for infant/toddler care, school-age care, and children's healthy social behaviors

T.E.A.C.H. Early Childhood Program - Provides scholarships; cost shares with child care provider, and individual teacher

TEACH Health Insurance Program – shares cost of health insurance for child care staff

Child Care WAGE\$ Program –Salary supplement program; rewards higher levels of education and permanency; encourages continuing education

FY2011-12 Budget Actions

- TEACH Program (\$3.8M)
 - To be funded from Child Development Fund Block Grant
- Maximize Federal Receipts – TANF (\$6.4M)
- Departments of Social Services' Administrative Allowance from 5%-4% (\$3.2M)
- Smart Start (\$37.6M)
- Policy changes regarding subsidy services (\$9.7M)
 - Transportation
 - Education Eligibility from 24 to 20 months
 - Registration Fees for Centers
 - Discontinue Subsidy Payment for MA4 Instructional Day

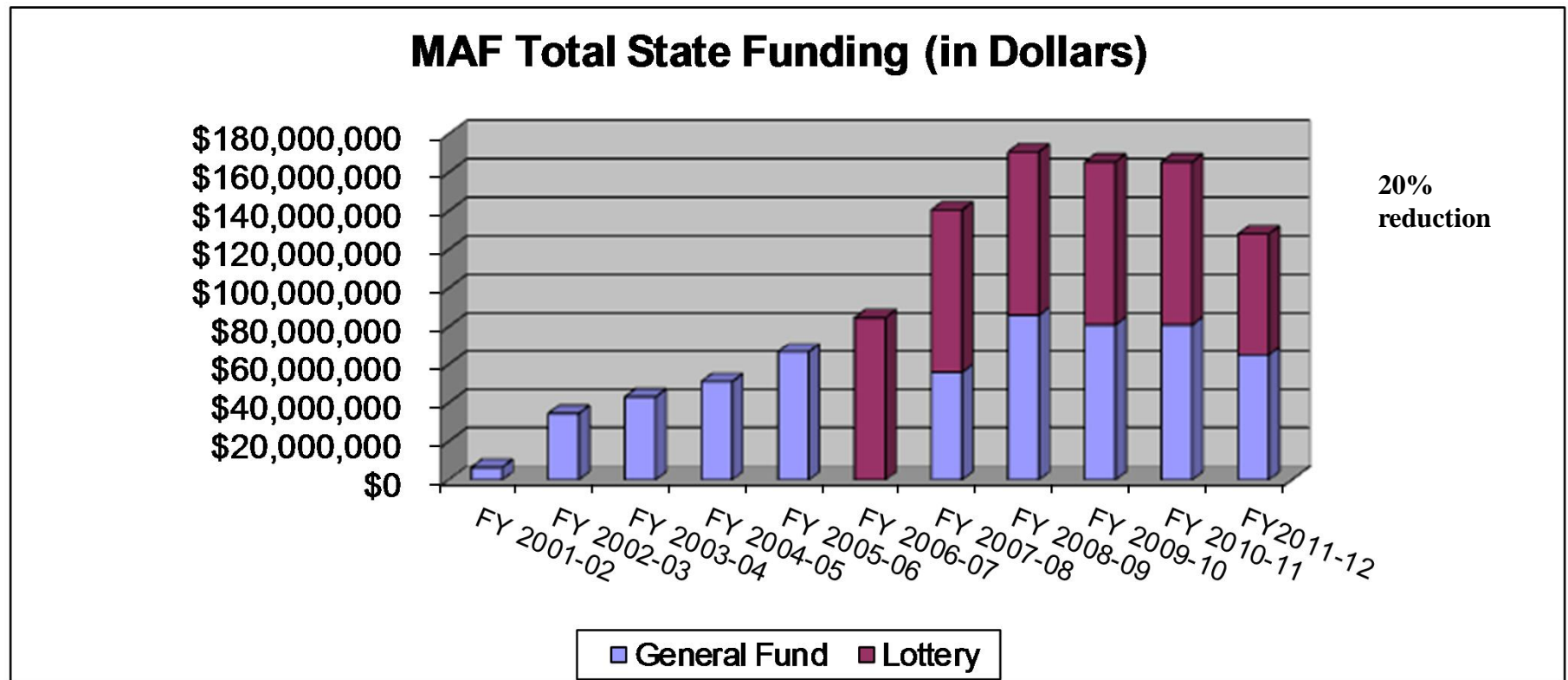
FY2011-12 Budget Actions

- Transfer of More At Four Program into Division of Child Development and Early Education, NC Pre-K
 - \$128M
 - \$65M State Funds
 - \$63M Lottery Funds

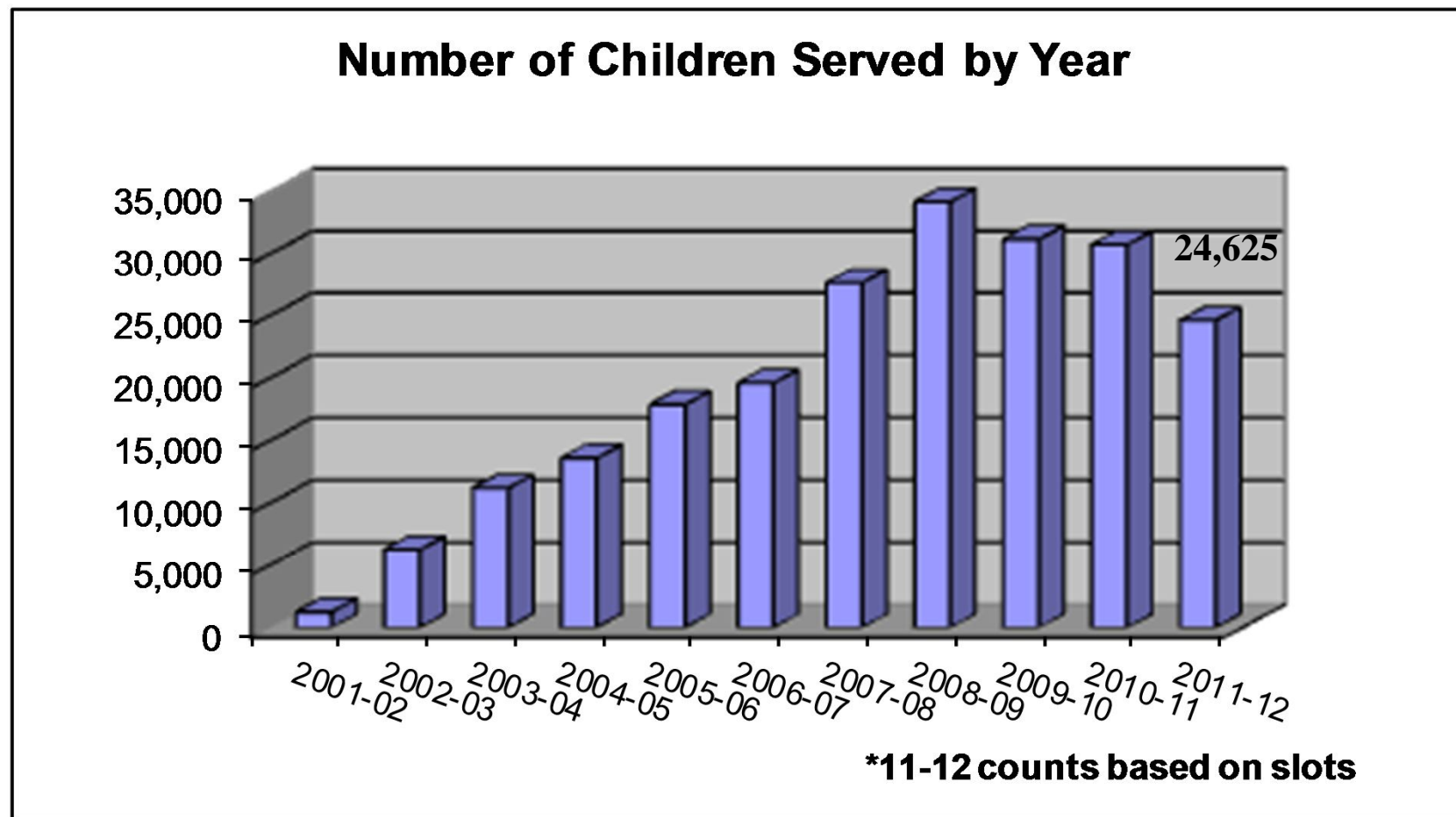
More at Four- Pilot

- S.L. 2001- 424 established the More At Four Pilot Program
 - Appropriation of \$6M
 - Established a Task Force
 - Provided Program Guidelines

More at Four- Funding History



More at Four- Children Served

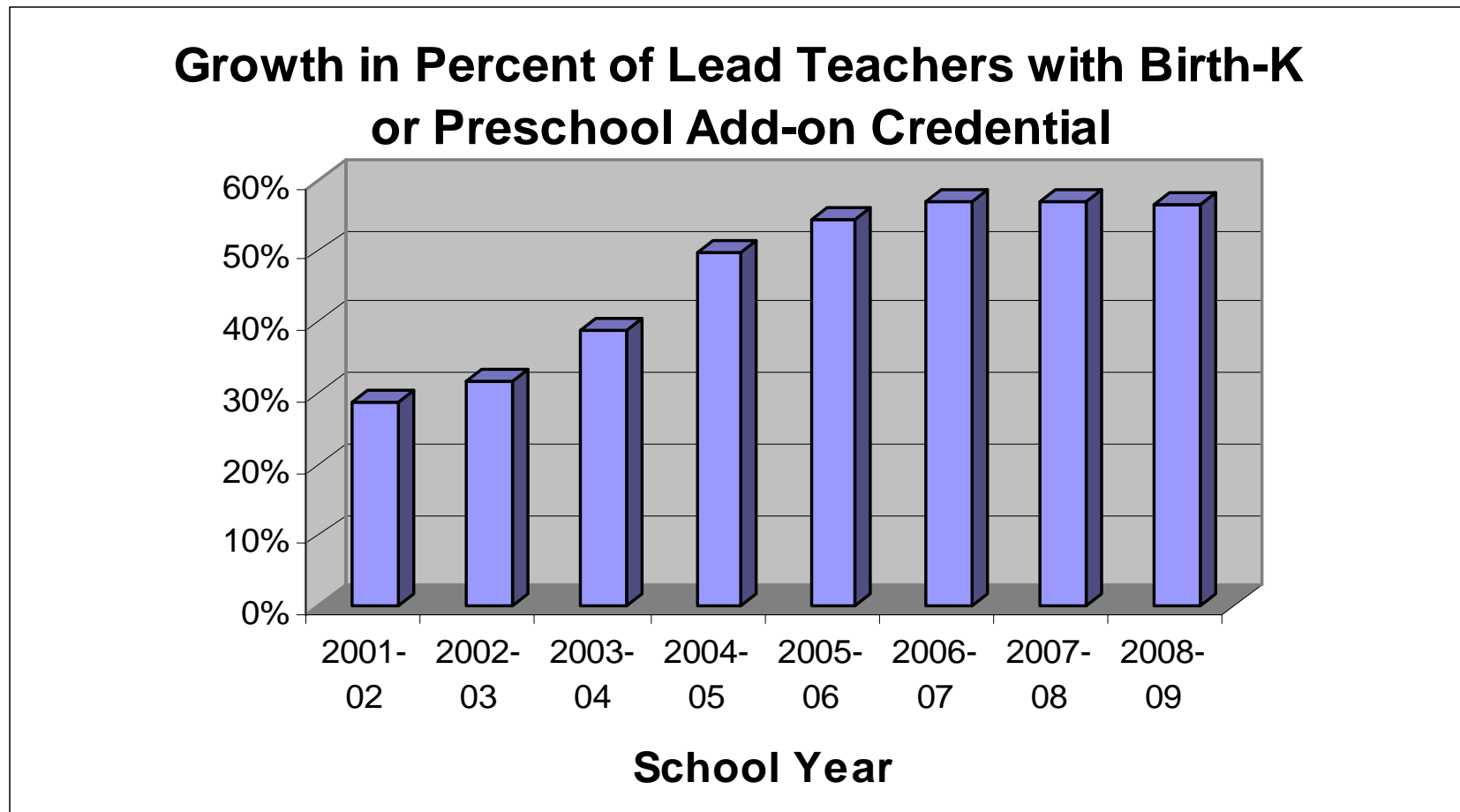


More at Four – Quality Standards

Operating/Quality Requirements

Classroom Setting	<ul style="list-style-type: none">•Public School or Head Start classroom operated by the public schoolsor•Private child care or Head Start setting with a 4- or 5-star license from the NC Division of Child Development (3-year provisional approval given to 3-star center)
Classroom Size	<ul style="list-style-type: none">•May not exceed a maximum staff-to-child ratio of 1 to 9•Maximum class size of 18 children, with one teacher and one assistant teacher per classroom

More at Four- Teacher Credentials



Source: Office of Early Learning, NC Department of Public Instruction

More at Four – Quality Standards Curricula

Operating/Quality Requirements

Curricula & Standards	<ul style="list-style-type: none">• Programs expected to provide services consistent with Foundations: Early Learning Standards for North Carolina Preschoolers• 6 different curricula are approved for use in MAF classroom by State Board of Education
Assessment	<ul style="list-style-type: none">• OEL recommended but did not require use of 1 of a list of 5 assessments to track child growth

More at Four – Other Requirements

Operating/Quality Requirements

Calendar	<ul style="list-style-type: none">•Must provide program for a regular school day (e.g., 6 or 6 ½ hours) for 180 instructional days per school calendar year•Schedule should approximate public school calendar
Wrap-around Services	<ul style="list-style-type: none">•More at Four funds <u>may not be used</u> to provide services beyond the 6 ½ hour day•Other sources, like Smart Start, may be used to provide wrap-around services
Fees	<ul style="list-style-type: none">•<u>No fees may be charged</u>, except for a nominal fee for providing transportation or meals to children ineligible for free/reduced price lunch

Questions

Transfer of More At Four S. L. 2011-145

- Transfer of More At Four Program into Division of Child Development and Early Education and renamed NC Pre-K