Division of Child Development and Early Education
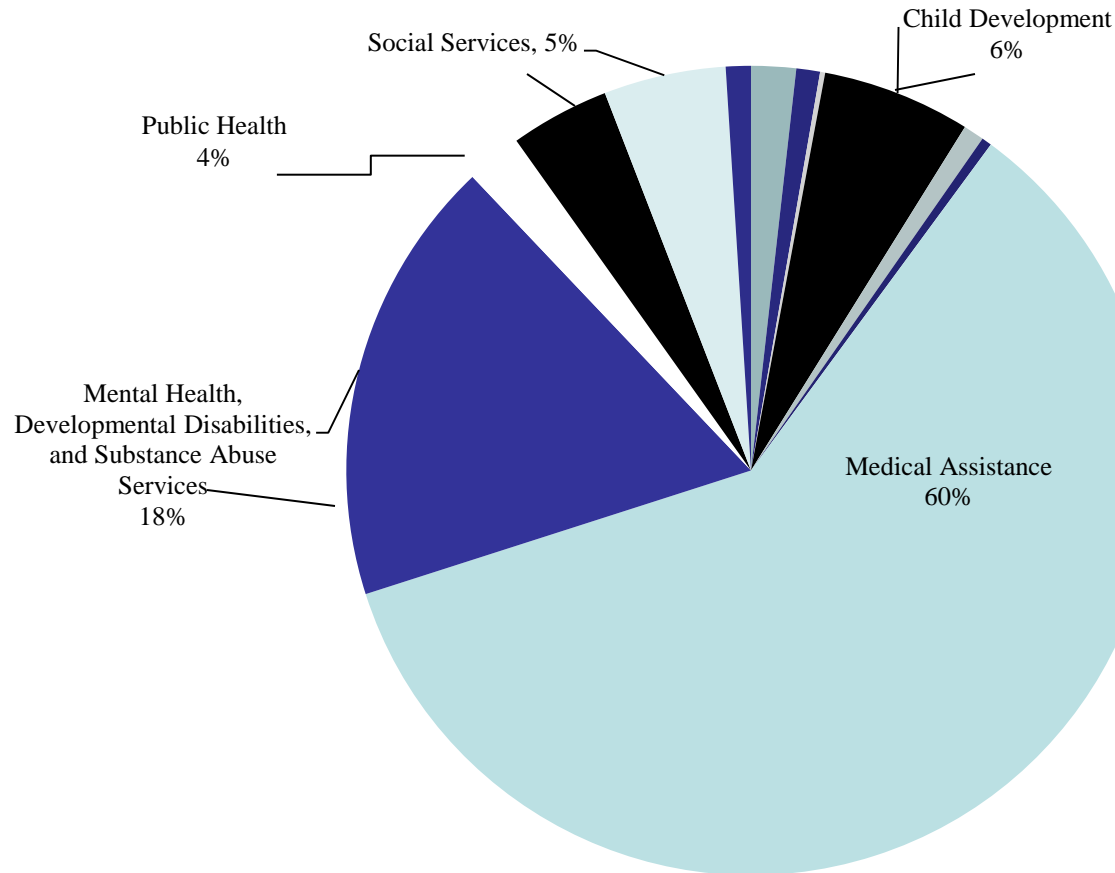
April 4, 2013

Joint Appropriations Committee on Health and Human Services

DHHS Budget Overview
# General Fund $4.6 billion

Social Services, 5%

Child Development 6%

Public Health 4%

Mental Health, Developmental Disabilities, and Substance Abuse Services 18%

Medical Assistance 60%

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly
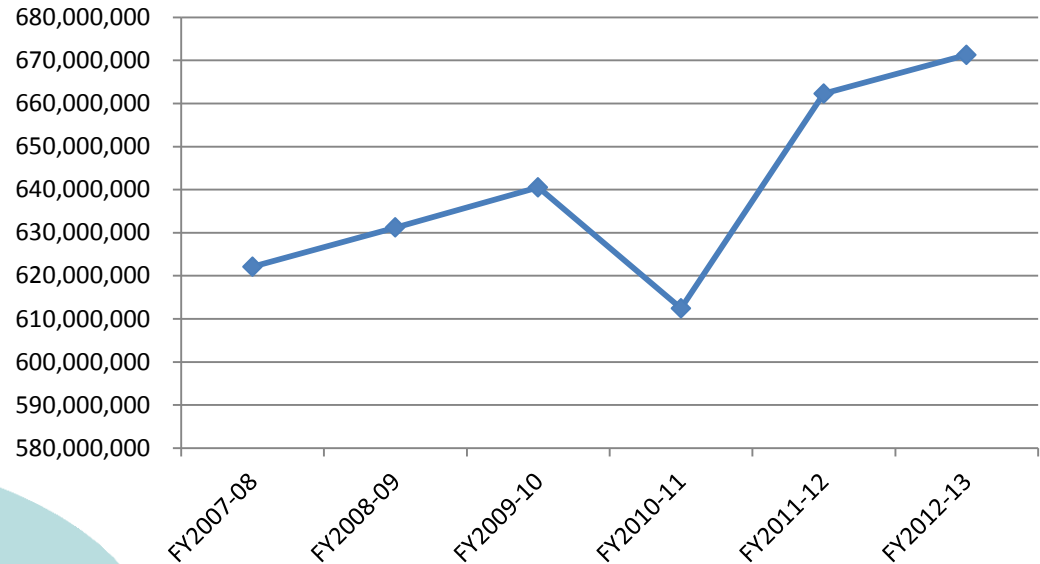
Division of Child Development
BUDGET

- SFY 2012-13: $675 million
  - $412 million receipts
  - $263 million State funds

General Fund
$263 million

Receipts
$412 million
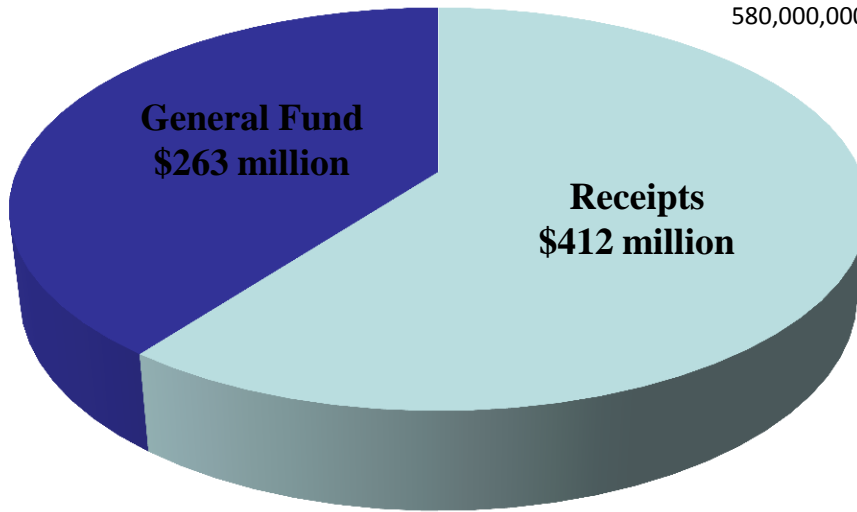
Division of Child Development

PURPOSE

- Supports early childhood services, including:
  - Regulation and Licensure of child care centers and homes
    - 4,818 Centers
    - 2,830 Homes
    - Approximately 251,798 children in licensed care monthly (November 2012)

  - Administration of Child Care Subsidies
    - 74,961 Children Served

Division of Child Development

PURPOSE (continued)

– Early childhood initiatives

- Smart Start
- NC Pre-K

– Other

- Criminal Background Checks for other agencies

Division of Child Development

RECENT BUDGET ACTIONS

2011-12

- **Pre-Kindergarten Funds Transfer**   **($65,011,651)**
- **TANF Funding Swap**   **($6,352,644)**
- **Smart Start Reduction**   **($37,600,000)**
- **TEACH Program**   **($3,800,000)**
- **Social Services Admin Funding**   **($3,195,581)**
- **Post-Secondary Education Program**   **($7,052,797)**

2012-13

- **Block Grant Funding - CCDF**   **($7,000,000)**
- **Smart Start Initiatives**   **$3,500,000***
- **TANF Funding Swap**   **($6,352,644)**

*subject to stability of Medicaid budget

Division of Child Development

MAJOR PROGRAMS

CHILD CARE SUBSIDY

NC PRE-K

SMART START

	SMART START	**CHILD CARE SUBSIDY**	**NC PRE-K**
Mission	School Readiness	Provide needs based child care funding	School readiness
Target Population	All Children in North Carolina from birth to age 5	Low income families with children ages< 12yrs; below 75% Median Income	At-risk four-year-olds who have not been exposed to a child care setting
Objectives	Planning and funding to: • Improve access to child care • Improve the quality of child care • Improve access to health services for young children • Improve family support services	• Enable parents to maintain or seek employment/training in order to support their family and achieve economic independence. • Provide for the protection, care and developmental experiences for children • Facilitate the reunification of families, aid families in crisis, and prevent foster care	Planning and funding to: • Serve children who are not getting the educational preparation they need before starting school • Create a standard, statewide Pre-K program
Strategies	• Provide technical assistance to child care centers to improve quality • Improve the quality of early childhood teachers • Provide parent education and resources • Provide access to health services for children	• Provide access to high quality care • Subsidize child care for low income families • Enhance the availability of quality child care services • Provide child care to children receiving protective services.	• Provide high quality Pre-K • Set uniform, state standards for Pre-K, including curriculum, teacher credentials and class size • Help Pre-K teachers improve credentials
Scope	• Umbrella statewide initiative with broad range of activities operated on a county-wide basis	• Statewide program available in 100 counties.	• Targeted statewide program with narrow focus
Funding & Administration	• Nonprofit organization at state and local levels • Public/private partnership • State and private funding • Local decision-making to address local needs	• Combination of State and Federal funding from Block Grants and the General Fund. • Locally administered program with State level support	• State program with state funding, plus other sources of funding contributed according to local decisions • Standard program; local decision-making about location of pre-k classrooms; all classrooms meet state standards

Child Care Subsidy

Began: 1964

Serves: 75,490 kids (March 2012)

Funding: 2012-13: $348,321,539
2011-12: $359,712,290

Sources: 80% Block Grants (CCDF & TANF)
20% State General Fund

Child Care Subsidy
Eligibility

- **Income eligible families earning less than 75% SMI**

- **Children who need child care services to support child welfare services.**

- **Children receiving foster care services who are in the custody of a county department of social services**

- **Requires a copay equal to 7-10% of gross income**

Child Care Subsidy

2012-13 Special Provisions

- **directs DCDEE to collect information on the program participation of subsidy applicants**

- **adjust subsidy distributions to minimize reductions due to formula changes**

Smart Start

Began: 1993

Serves: 100 Counties

Funding: 2012-13: $146 million
2011-12: $150 million
2010-11: $188 million

Smart Start

- **27 Member Board of Directors (10 GA appts.)**

- **77 Local Partnerships across NC**

- **Public-Private Partnership – Required to raise funding equal to 13% of State appropriation**

- **Mandatory 30% of funding for Child Care Subsidy & 70% of funding on direct services in local partnerships**

Smart Start

2012-13 Special Provisions

- **directs NC partnership to develop a salary schedule for Executive Directors of the local partnerships**

- **increase match for State funds from 10% to 13%**

- **appropriated funding for a literacy pilot and for assistance with fund raising**
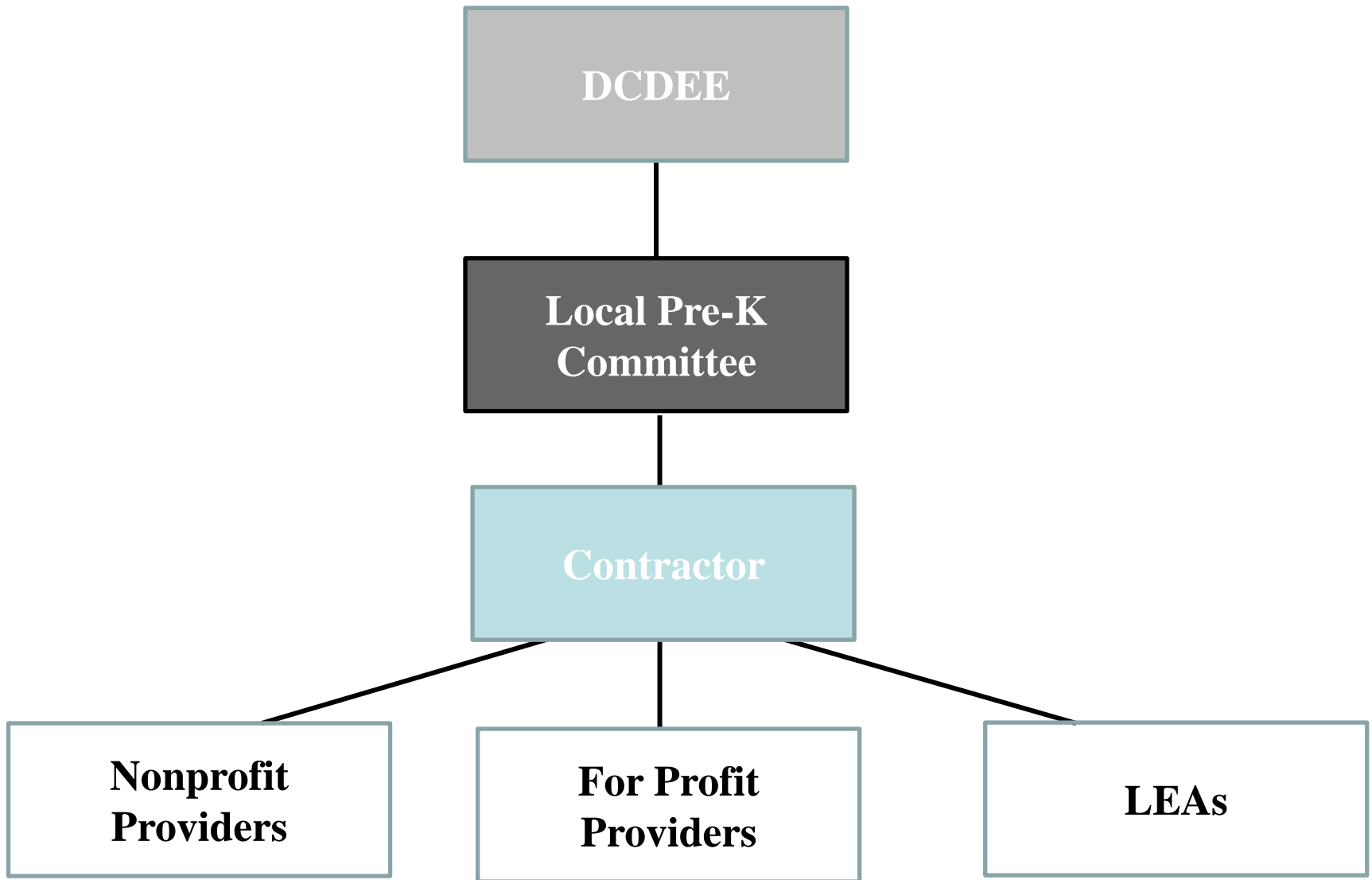
NC Pre-K

A voluntary Pre-Kindergarten program designed to prepare at-risk 4 year olds for school success.

- **High Quality Child Care Centers**
- **Approved academic focused curriculum**
- **Local Decision Making**
- **Leveraged funding**

More at Four

- **S.L. 2001-424 established More at 4 with an initial appropriation of $6 million**

- **Target four-year-olds at risk of kindergarten failure**

- **Required the use of a proven curriculum**

- **Established standards for minimum teacher qualifications**

NC Pre-K

Began: **2011** *(More at 4 - 2001)*

Serves: **29,000 kids** *(March 2012)*

Funding: **2012-13: $131,970,705**
                    2011-12: $130,291,706
                    2010-11: $160,647,360

Sources: **50% Lottery Funds**
                    50% State General Fund

NC Pre-K

2011-12 Special Provisions

- **Transfer of More at 4 to DCDEE & renamed NC Pre-K**

- **Implemented a co-pay for Pre-K participation**

- **Standardize Pre-K service delivery hours**

NC Pre-K

2012-13 Special Provisions

- **Require NC Pre-K contractor to issue multiple-year contracts for private child care centers**

- **Creation of a pilot program funding Pre-K classrooms on a per classroom basis as opposed to slot funding**

- **Eliminates health issues as an eligibility factor (except for developmental or chronic health)**

- **Require data collection regarding program participation**