

# **Child Care Subsidy**

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Health and Human Services**



# Division of Child Development and Early Education

## Major Programs

- **Child Care Subsidy** - provides financial assistance to eligible families to support parents' employment or education, child developmental needs, child protective services and child welfare services.
- **Smart Start** – provides planning, funding and services to improve the quality of and access to child care, access to health services for young children and family support services.
- **PreK** - provides high-quality educational experiences to enhance school readiness for eligible four-year-olds.

# Program Comparison

	<b>Smart Start</b>	<b>Child Care Subsidy</b>	<b>PreK</b>
<b>Mission</b>	School Readiness	Provide needs based child care assistance	School Readiness
<b>Target Population</b>	Children from birth to age 5	Low income families with children under age 12	At-risk four-year-olds who have not been exposed to a child care setting

# Program Comparison

	Smart Start	Child Care Subsidy	PreK
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Varies by activity</li> <li>Local partnerships have flexibility for some activities</li> </ul>	<ul style="list-style-type: none"> <li>Age 0 to 5, and Special Needs children, 200% of federal poverty level</li> <li>Age 6-12, 133% of federal poverty level</li> <li>Need child care for an eligible activity such as employment, high school or post-secondary education</li> </ul>	<ul style="list-style-type: none"> <li>Income eligible at 75% of state median income</li> <li>Eligible without regard to income: some military families; children with Limited English Proficiency, IEP, some health conditions, or educational need identified by screening</li> </ul>
<b>Funding and Administration</b>	<ul style="list-style-type: none"> <li>Nonprofit organization at state and local levels</li> <li>Public/private partnership</li> <li>State and private funding</li> <li>Local decision-making to address local needs</li> </ul>	<ul style="list-style-type: none"> <li>Combination of State and Federal funding from Block Grants and the General Fund.</li> <li>Locally administered program with State level support</li> </ul>	<ul style="list-style-type: none"> <li>State program with state funding, plus other sources of funding contributed according to local decisions</li> <li>Standard program; local decision-making about location of pre-k classrooms; all classrooms meet state standards</li> </ul>

# Child Care Subsidy Evaluation

## What Works For Health Database

### **Expected Beneficial Outcomes**

- Increased employment
- Increased earnings
- Increased access to child care

### **Ratings:**

- Evidence Rating: Scientifically Supported
- Impact on Disparities: Likely to Decrease Disparities

Source: <http://whatworksforhealth.wisc.edu/index.php>

# Child Care Subsidy Evaluation

- There is strong evidence that child care subsidies increase employment and earnings for low income families.
- Subsidies have also been shown to increase low income children's enrollment in formal child care settings, which is often higher quality than non-family home-based care.

Source: <http://whatworksforhealth.wisc.edu/index.php>

# Child Care Subsidy Evaluation

Child care subsidies increase employment for single mothers especially those with low income and those without a high school education.

Single mothers who receive subsidies:

- Work more hours
- Have more standard work schedules
- Stay in jobs longer
- Earn more than mothers who do not receive subsidies.

Source: <http://whatworksforhealth.wisc.edu/index.php>

# Child Care Subsidy Evaluation

- Child care subsidies can allow employed parents to access child care centers and center-based preschool programs that they may not have been able to afford without subsidies, and may increase use of center-based care.
- Research indicates that subsidies that move children from informal, non-parental care to more formal care settings can have positive long-term effects on children's future educational attainment and labor market participation.

Source: <http://whatworksforhealth.wisc.edu/index.php>



# Child Care Subsidy Funding

	2012-13	2013-14	2014-15
Requirements	\$ 421,104,288	\$ 343,260,327	\$ 336,530,468
Receipts	\$ 312,340,419	\$ 302,137,474	\$ 309,394,955
Appropriation	\$ 108,763,869	\$ 41,122,853	\$ 27,135,513

- Chart includes administration.
- 2012-13 includes Smart Start Subsidized Child Care. Beginning in 2013-14 Smart Start Subsidized Child Care is budgeted in a separate fund code.
- The change in Requirements from 2013-14 to 2014-15 was due to the elimination of a reserve account.

Source: BD 307 Fiscal Years 2011-15 DHHS - Child Development and Early Education Code: 14420, Fund 1380

# Child Care Subsidy Recent Legislative Changes

## **Child Care Subsidies for Higher Quality Centers and Homes:**

Session Law 2011-145 Section 10.7(g) - required DCDEE to phase in a new policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. Subsidy funds are not paid for one- or two-star-rated facilities. The division may allow exemptions in counties where there is an inadequate number of three-, four-, and five-star-rated facilities for nonstar-rated programs, such as religious programs.

**Market Rate Increases:** S.L. 2014-100 Section 12B.5 requires the Department to increase the child care market rates for 3, 4 and 5 star centers and home by 25% of the difference between the current market rates and the market rates recommended in the 2013 Child Care Market Rate Study

# Child Care Subsidy Recent Legislative Changes

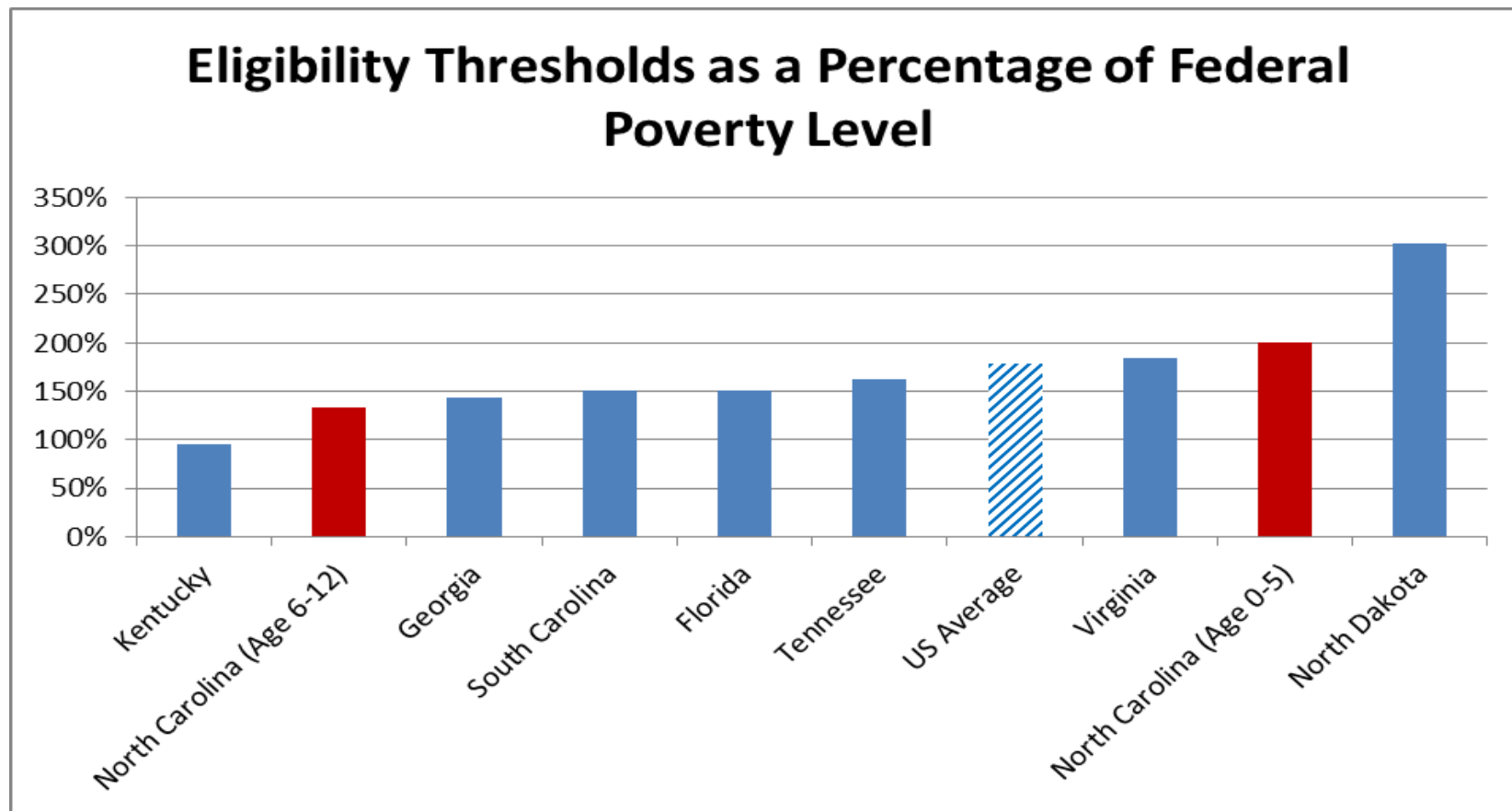
## Child Care Subsidy Eligibility Changes

- S.L. 2014-100 Section 12B.1 made the following changes:
- Income level from 75% of State Median Income to the Federal Poverty Level. Details are on the next slide.
- Step-parents and nonparent caretaker relative income are now counted.
- Co-payments are no longer prorated for part-time care.

# Child Care Subsidy Eligibility

- Children age 0-5 and special needs children in income eligible families with income less than 200% of Federal Poverty Level (FPL) A family of 4 must have income less than \$3,975 a month or \$47,700 a year.
- Children age 6-12 in eligible families with income less than 133% of FPL. A family of 4 must have income less than \$2,643 a month or \$31,716 a year.
- 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.

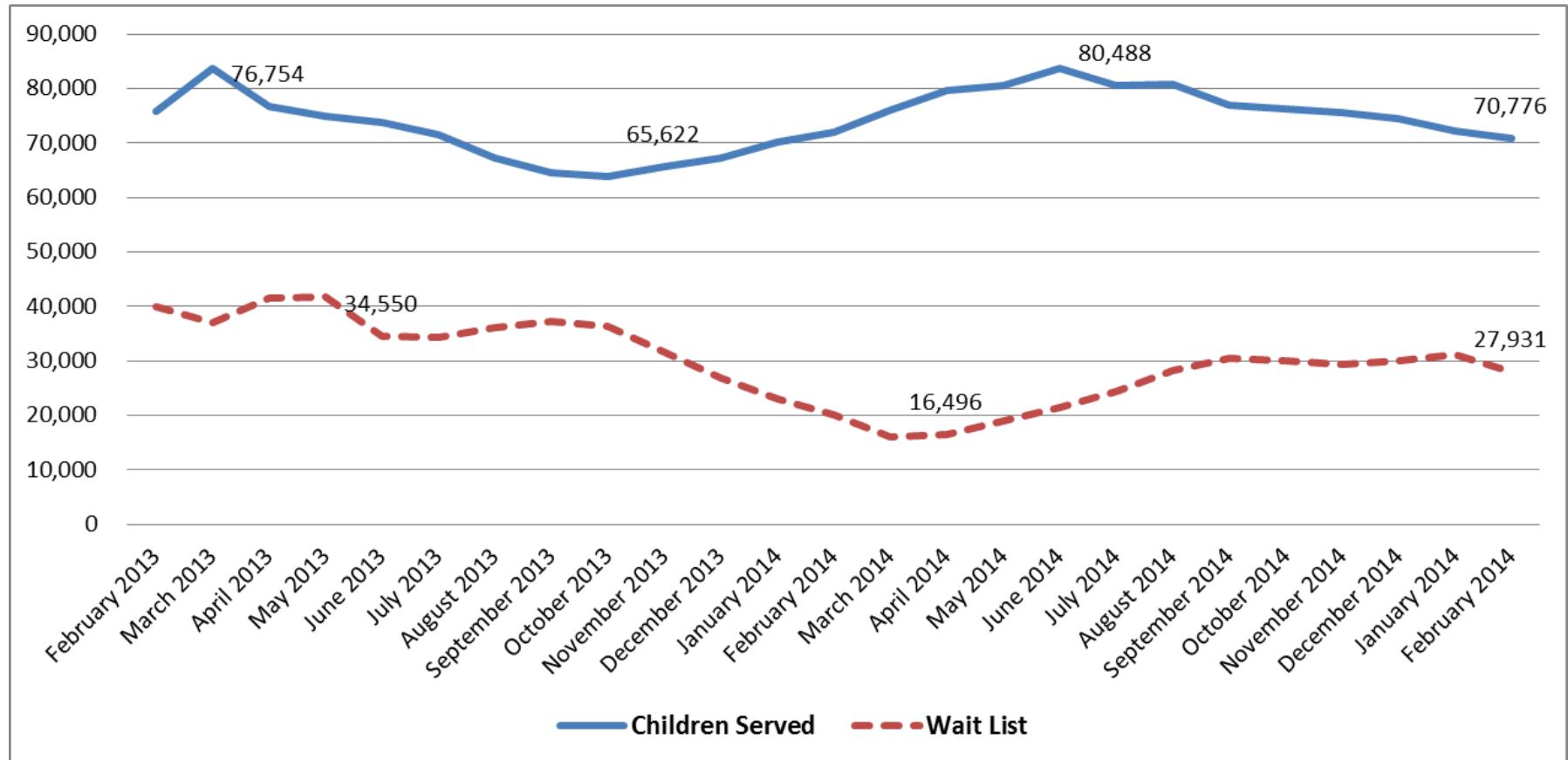
# Child Care Subsidy Income Limits



**Note: States income limits may be based on federal poverty level or their state median income. States income limits were converted to a federal poverty level equivalent to make this comparison.**

Source: The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2013

# Child Care Subsidy Children Served and Wait List



Source: Division of Child Development and Early Education Monthly Statistical Summary, February 2013– July 2013, Subsidy Expenditure Reports August 2013-February 2015

# Child Care Subsidy Children Served and Wait List

<b>July through February</b>	<b>Avg. Monthly Children Served</b>	<b>Avg. Monthly Wait List</b>
FY 2010-11	85,296	45,932
FY 2011-12	77,724	46,584
FY 2012-13	76,990	42,833
FY 2013-14	67,809	30,659
FY 2014-15	75,986	28,936

Source: Division of Child Development and Early Education Monthly Statistical Summary, February 2013– July 2013, Subsidy Expenditure Reports August 2013-February 2015

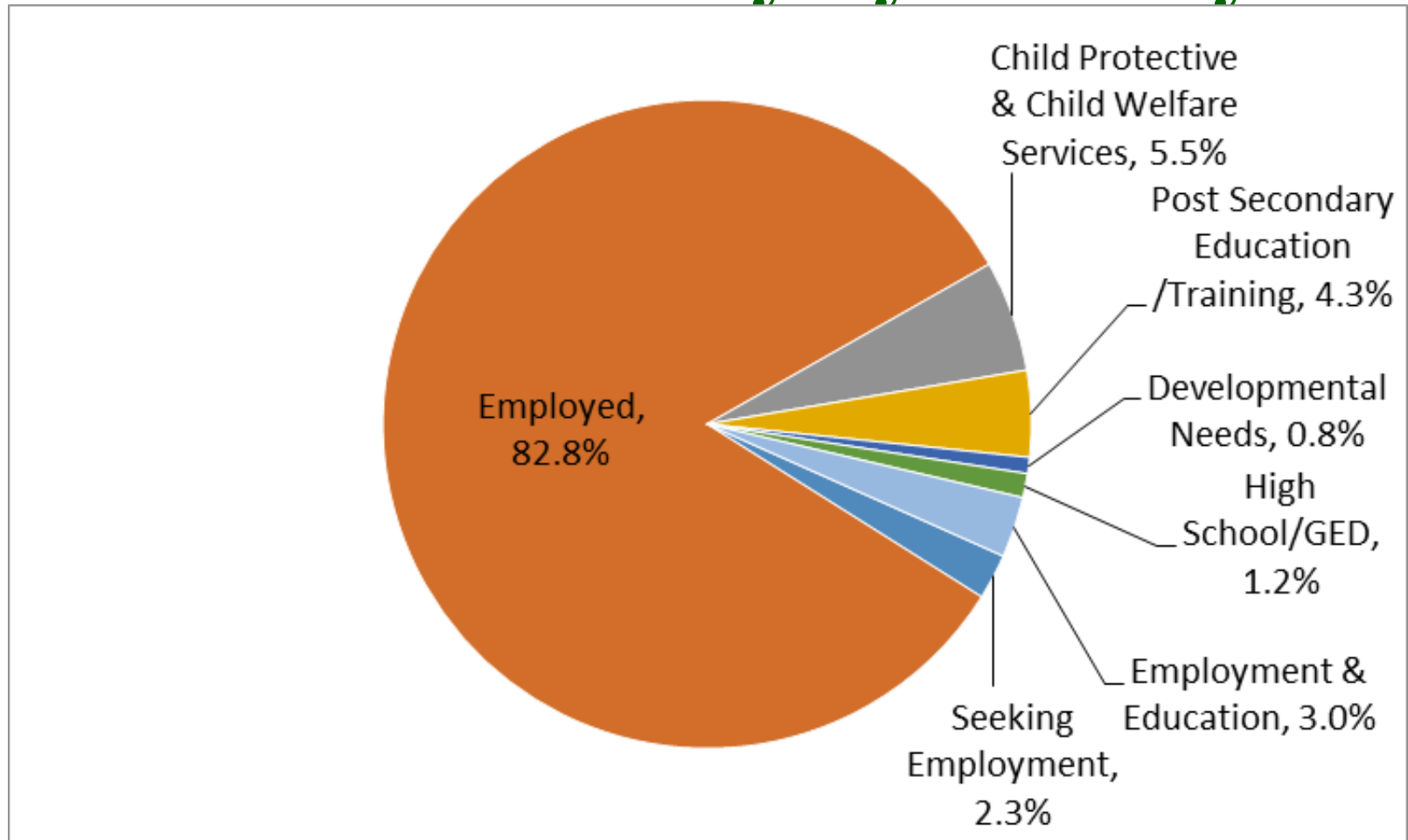
# Child Care Subsidy Eligibility

Income eligible families must also be participating in a qualifying activity:

- Employment
- Seeking Employment
- Post Secondary Education
- Developmental Needs of the Child
- High School Education
- Combination of the above



# Child Care Subsidy - Reasons Families Receive Subsidy by Activity



Source: Division of Child Development and Early Education, Number of Children Served and Expenditures by Need Co.xlsx

# Star Rating System



The Star Rating System was developed to:

- Provide information to parents about the quality of care in child care centers and family child care homes.
- Recognize providers for the higher quality care that they provide.
- Acts as a roadmap for providers to follow as they strive to improve the quality of their care.

# Star Rating System



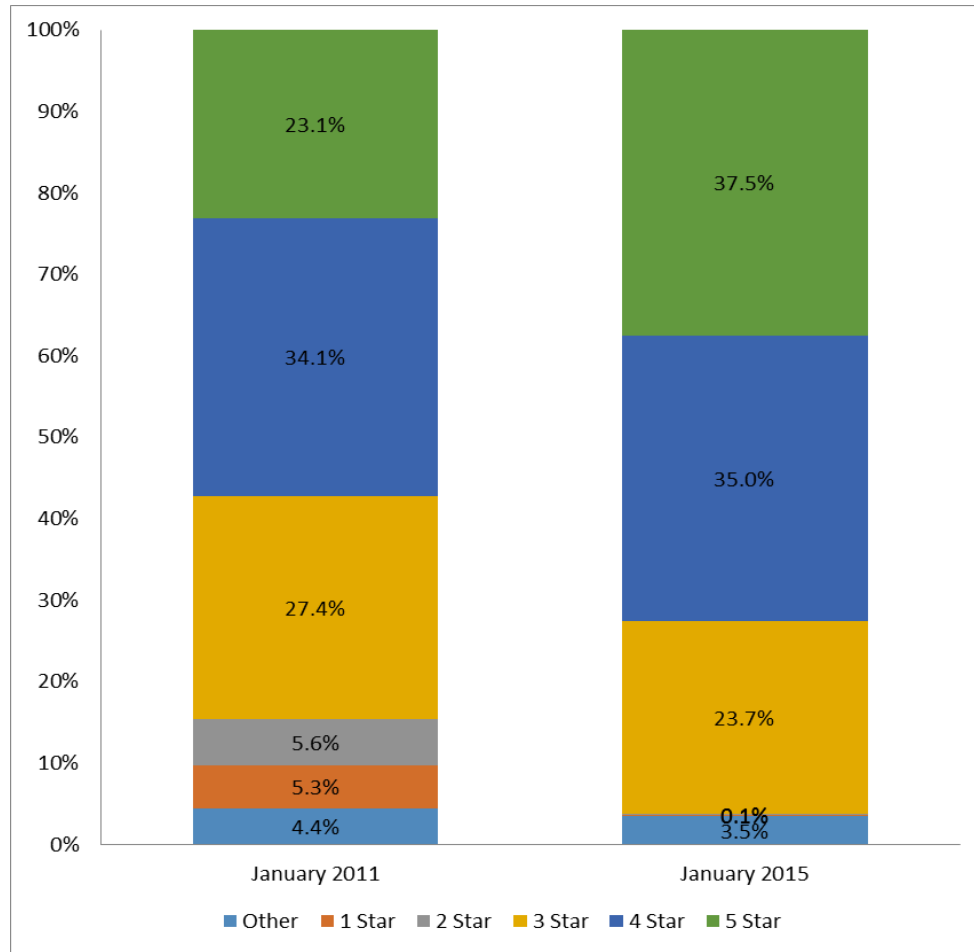
Providers may earn 1 to 5 stars.

A rating of one star means that a child care program meets North Carolina's minimum licensing standards for child care.

All programs earn their star rating based on two components:

- Staff education
- Program Standards

# Comparison of Where Subsidy Children are Served by Star Rating in January 2011 to January 2015

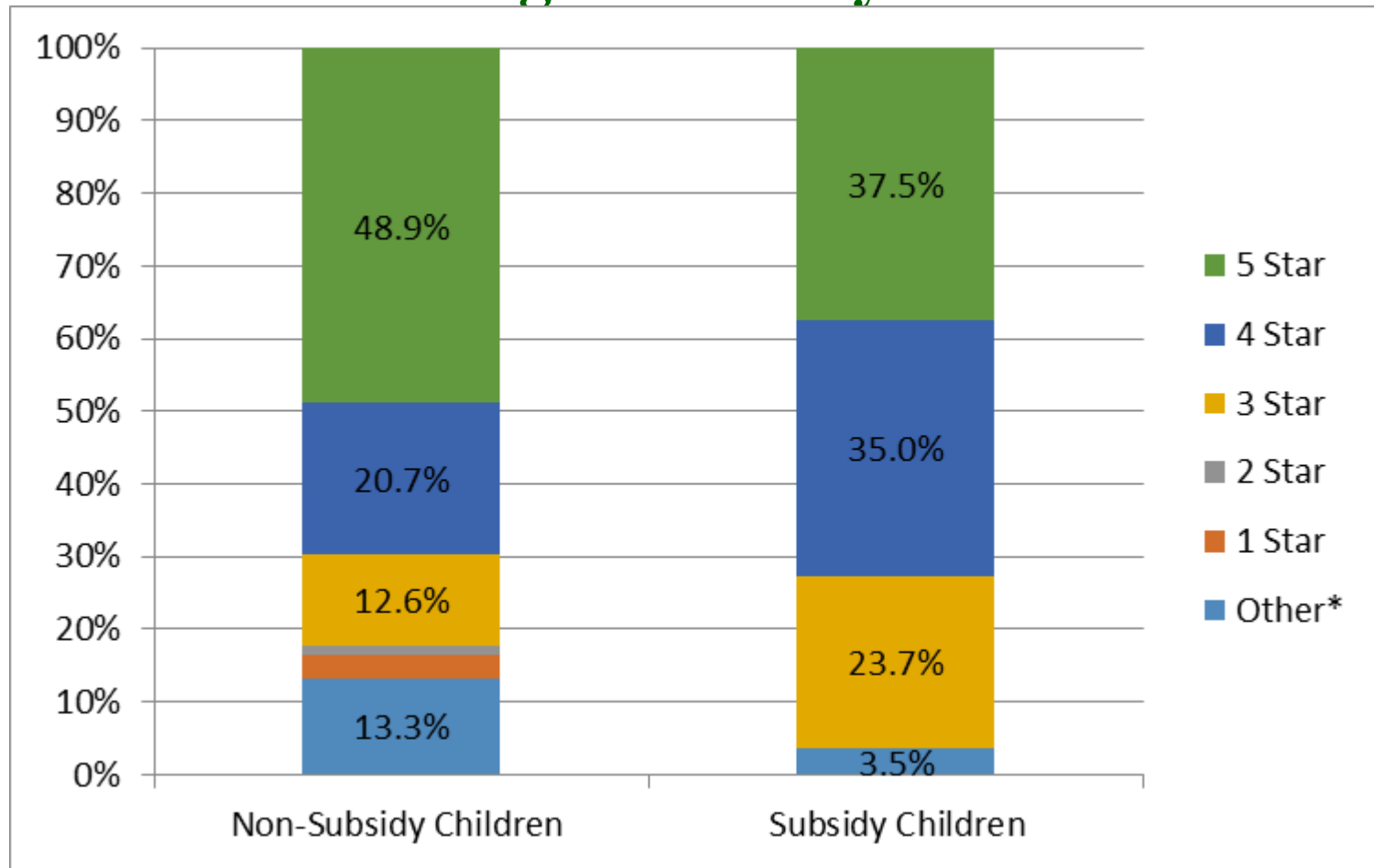


S.L. 2013-360, Appropriations Act of 2013, Section 12.B.3(f) prohibited subsidy funding to be paid for 1 or 2 star rated facilities. Exemptions are allowed in counties where there are an inadequate number of higher rated facilities.

Other includes temporary and provisional licenses and Religious Sponsored Notice of Compliance certificates.

Source: [http://ncchildcare.nc.gov/pdf\\_forms/statistical\\_detail\\_report\\_january\\_2015.pdf](http://ncchildcare.nc.gov/pdf_forms/statistical_detail_report_january_2015.pdf)

# Comparison of Where Children are Served by Star Rating in January 2015



\*Other includes temporary and provisional licenses and Religious Sponsored Notice of Compliance certificates.

Source: [http://ncchildcare.nc.gov/pdf\\_forms/statistical\\_detail\\_report\\_january\\_2015.pdf](http://ncchildcare.nc.gov/pdf_forms/statistical_detail_report_january_2015.pdf) and Division of Child Development Number of Children Served and Expenditures by Star Rating .xlsx

# Change in Number of 1 to 5 Star Rated Family Child Care Homes over the Past 5 Years

	January 2011	January 2012	January 2013	January 2014	January 2015	Change in Number of Homes	% Change 2011 to 2015
<b>Other*</b>	<b>11</b>	<b>9</b>	<b>15</b>	<b>15</b>	<b>9</b>	<b>(2)</b>	<b>-11%</b>
<b>1 Star</b>	<b>905</b>	<b>723</b>	<b>486</b>	<b>395</b>	<b>352</b>	<b>(553)</b>	<b>-48%</b>
<b>2 Star</b>	<b>692</b>	<b>615</b>	<b>414</b>	<b>286</b>	<b>232</b>	<b>(460)</b>	<b>-58%</b>
<b>3 Star</b>	<b>749</b>	<b>683</b>	<b>775</b>	<b>751</b>	<b>711</b>	<b>(38)</b>	<b>-6%</b>
<b>4 Star</b>	<b>639</b>	<b>642</b>	<b>703</b>	<b>715</b>	<b>693</b>	<b>54</b>	<b>8%</b>
<b>5 Star</b>	<b>412</b>	<b>393</b>	<b>370</b>	<b>331</b>	<b>294</b>	<b>(118)</b>	<b>-24%</b>
<b>Total</b>	<b>3,408</b>	<b>3,065</b>	<b>2,763</b>	<b>2,493</b>	<b>2,291</b>	<b>-1,117</b>	<b>-30%</b>

\*Other includes temporary and provisional licenses and Religious Sponsored Notice of Compliance certificates.

Source: Division of Child Development and Early Education Monthly Statistical Summary

# Change in Number of 1 to 5 Star Rated Child Care Centers over the Past 5 Years

	January 2011	January 2012	January 2013	January 2014	January 2015	Change in Number of Centers	% Change 2011 to 2015
Other*	561	525	633	602	620	59	9%
1 Star	364	251	134	80	74	(290)	-56%
2 Star	279	183	68	41	32	(247)	-59%
3 Star	1,015	997	1,019	946	905	(110)	-11%
4 Star	1,212	1,170	1,187	1,162	1,123	(89)	-8%
5 Star	1,489	1,650	1,768	1,901	2,007	518	40%
Total	4,920	4,776	4,809	4,732	4,761	-159	-4%

\*Other includes temporary and provisional licenses and Religious Sponsored Notice of Compliance certificates.

Source: Division of Child Development and Early Education Monthly Statistical Summary

# Questions?

Fiscal Research Division

Room 619, LOB

919-733-4910

[www.ncleg.net/fiscalresearch/](http://www.ncleg.net/fiscalresearch/)