

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

Division of Child Development and Early Education Overview & Base Budget

**Joint House and Senate Appropriations Committees
on Health and Human Services**

March 9, 2021

Division of Child Development and Early Education (DCDEE) Overview & Base Budget

- Base budget for 2021-2023 Fiscal Biennium
- DCDEE overview
 - Child Care Subsidy
 - NC Pre-K
 - Smart Start
 - Other responsibilities
- COVID-19 response



DCDEE Base Budget 2021-2023 Fiscal Biennium

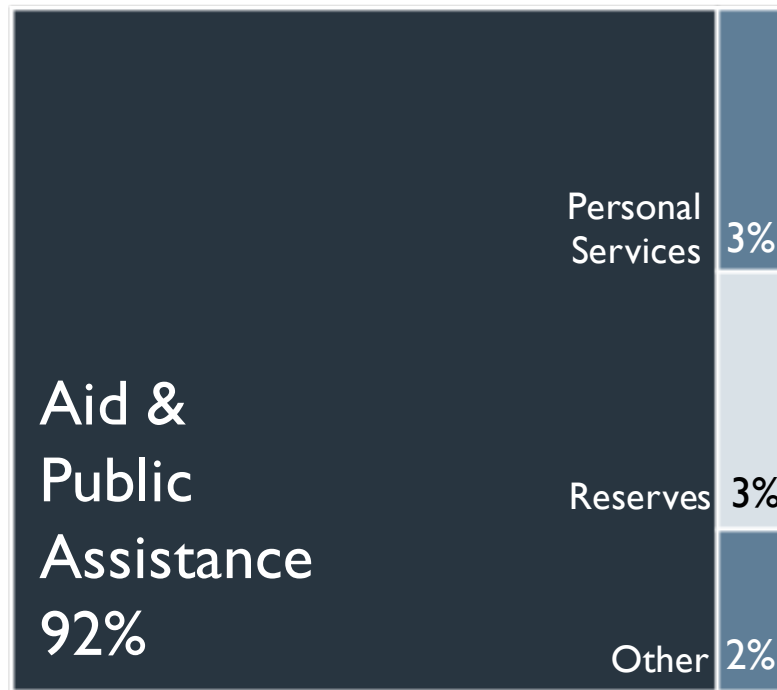
(\$ Millions)	Actual FY19-20	Authorized FY20-21	Chg from FY20-21	Base FY21-22	Chg from FY20-21	Base FY22-23
Total Requirements	\$907.9	\$876.8	(\$69.0)	\$807.8	(\$69.0)	\$807.8
Receipts	681.3	648.1	(69.0)	579.1	(69.0)	579.1
Net Appropriation	\$226.6	\$228.7	\$0.0	\$228.7	\$0.0	\$228.7
FTE Employees	336	336	0	336	0	336

The FY 2021-22 and FY 2022-23 base budget requirements for DCDEE are **\$69 million less** than in the FY 2020-21 Authorized Budget, entirely due to nonrecurring COVID-19 relief funding in FY 2020-21. This decrease is offset by a corresponding decrease in receipts, leaving DCDEE's State General Fund Appropriation is unchanged.

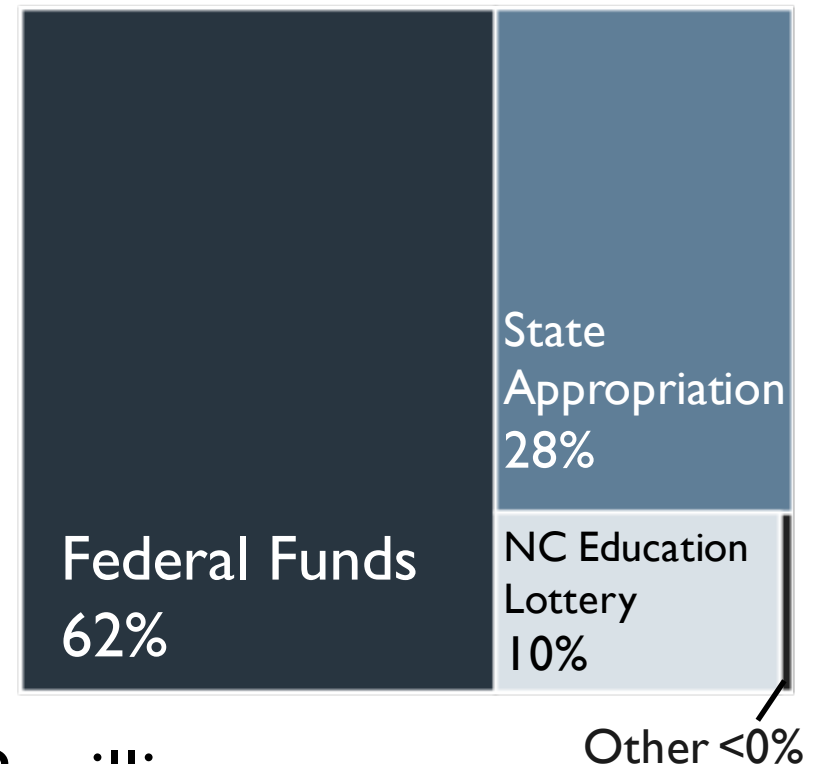


DCDEE Base Budget Expenditures and Funding Sources

Requirements (Expenditures)



Funding Sources



Total: \$808 million

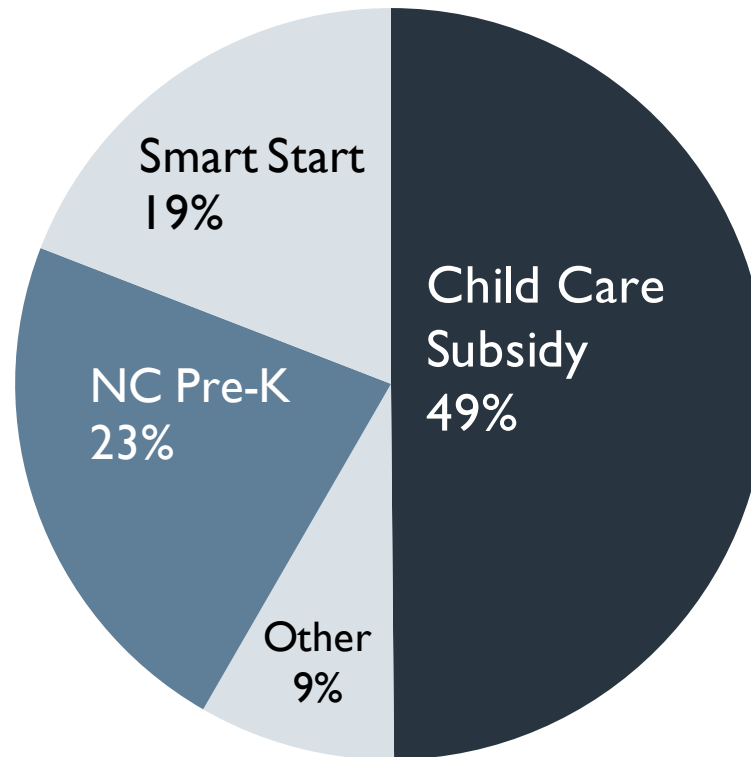
Note: charts cover both years of the biennium



DCDEE Base Budget

Total Requirements by Program

\$808 million in Requirements broken down by program



Child Care Subsidy Overview

Locally administered and state-supervised voucher system, provides financial assistance to eligible families for child care

January 2021

Children Served	61,377
Waitlist	18,227

Note: These numbers do not include children served by Smart Start Subsidy

Child Care Subsidy Eligibility

Ways a family can be eligible for the program:

- Family income
- Child requires care to support child protective services or child welfare services
- Child is in custody of county DSS receiving foster care services

Child Care Subsidy Eligibility

- Family income eligibility
 - Ages 0-5 or special needs children: Household income **less than 200% of Federal Poverty Level (FPL)**
 - Family of 4: less than **\$51,504 per year** or **\$4,292 per month**
 - Ages 6-12: Household income **less than 133% of FPL**
 - Family of 4: less than **\$34,248 per year** or **\$2,854 per month**
 - Families must also participate in a qualifying activity (ex: employment, seeking employment, schooling)

Note: Families are responsible for monthly copayments based on **10%** of gross income

FPL Source: US Department of Health and Human Services

DCDEE

Child Care Subsidy Providers

Age	Tier 1&2	Tier 3
0-2	100th Percentile, 2015 Market Rate Study, effective 10/1/2018	75th Percentile, 2015 Market Rate Study, effective 10/1/2017
3-5	100th Percentile, 2015 Market Rate Study effective 10/1/2018	75th Percentile, 2015 Market Rate Study, effective 10/1/2018
school age	75th Percentile, 2015 Market Rate Study, effective 10/1/2017	Based on 2013 Market Rate Study, last increase effective 1/1/2015, 25% of the difference between the current market rates and the 2013 market rates.

Federal recommended payment rates: 75th percentile of rates reported in the market rate survey

Source: 2014, 2017 and 2018 Appropriation Acts, and

<https://ccdf-fundamentals.icfcloud.com/assessing-market-rates-and-child-care-costs>



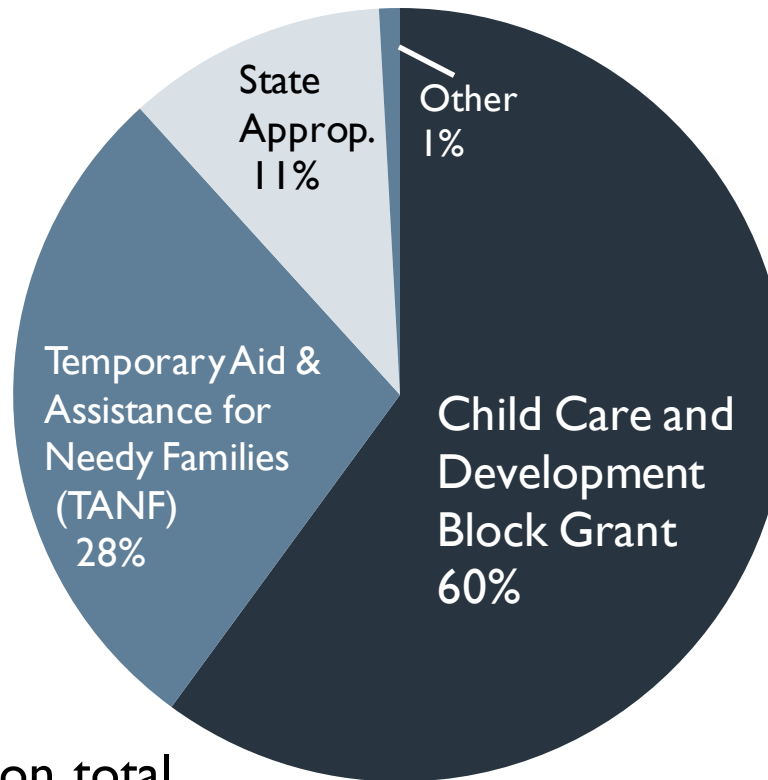
Child Care Star Rated License

Star Rating System

- Scale is from 1-5 stars
 - 3+ stars minimum to participate in child care subsidy
- Programs earn their star rating based on
 - Staff education
 - Program standards
- Exemption: Notice of compliance (religious sponsored child care facilities)

Child Care Subsidy Funding

Child Care Subsidy Funding Sources



\$403 million total

NC Pre-K Overview

North Carolina's public pre-kindergarten program, designed to enhance school readiness for eligible four-year-olds

- 10 months (36 weeks) of instruction, 6.5 hrs per day
- Max class size of 18 children (1:9 staff-to-child ratio)
- Licensing requirements for teachers
- Providers must maintain licensed star rating of 4 or 5 stars

NC Pre-K Eligibility

- Income eligibility
 - Family income at or below 75% of State Median Income
 - Family of 4: **\$57,542 per year** or **\$4,795 per month**
- Children of eligible military families
- Additional risk factors (up to 20% served if income ineligible)
 - Educational needs, developmental disabilities, chronic health conditions, Limited English Proficiency

NC Pre-K Program Data 2020-2021

- Students Served: **21,561**
- Sites: **1,214**
- Classrooms: **2,125**
- Contractors by type:
 - **46** Local Partnership for Children (Smart Start)
 - **42** Public School
 - **3** Head Start

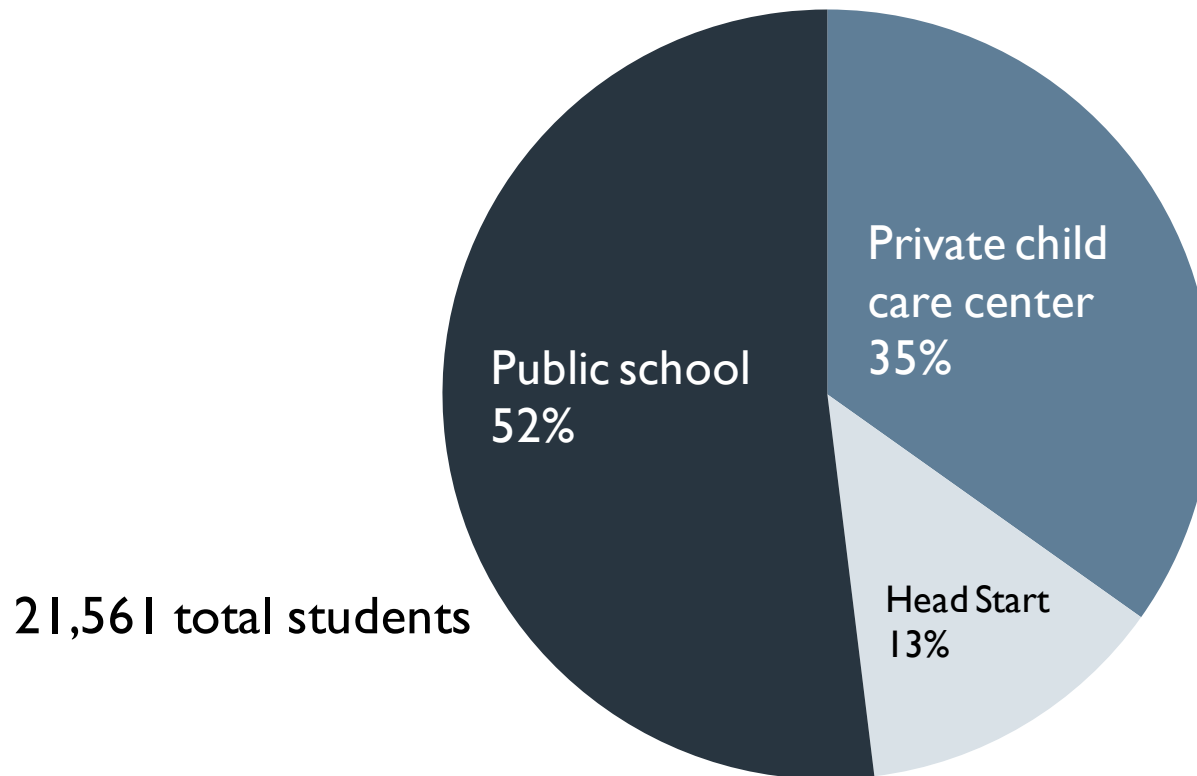
Data as of 01/06/21

Source:DCDEE



NC Pre-K Program Data 2020-2021

NC Pre-K 2020-21 Students Served by Facility Type



Data as of 01/06/21

Source:DCDEE

DCDEE

NC Pre-K Monthly Rates

Facility Type	Rate
Private Child Care - Lead Teacher with Birth-Kindergarten License	\$650
Private Child Care - Lead Teacher with 4-Year Degree without Birth-Kindergarten License	\$600
Public Schools	Up to \$473
Head Start	Up to \$400

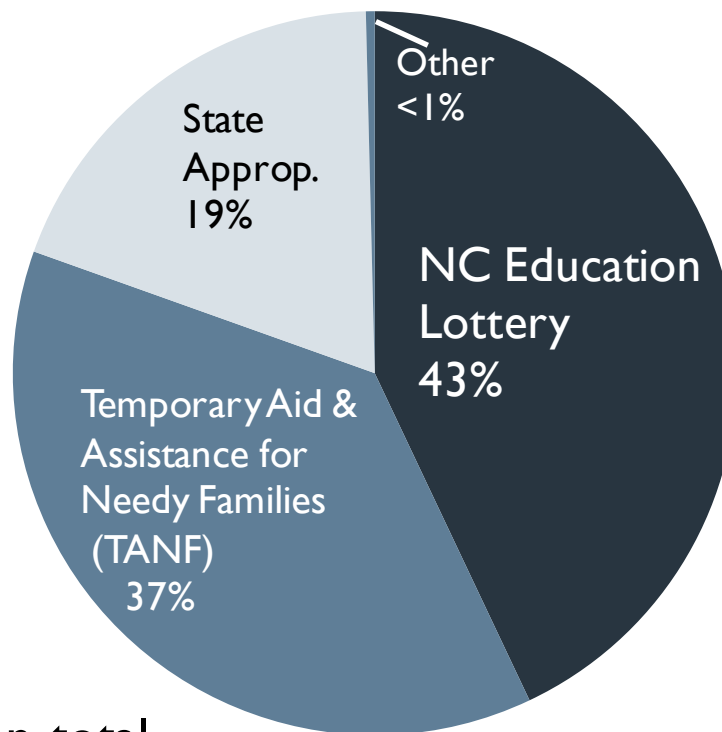
Note: Rates implemented in FY 2012-2013



DCDEE

NC Pre-K Funding

NC Pre-K Funding Sources



\$182 million total



Smart Start Overview

- Public-private partnership: network of 75 nonprofit local partnerships that serve all 100 counties
- 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
- North Carolina Partnership for Children (NCPC)
 - Leads and coordinates local partnerships
 - Monitors local partnerships to ensure compliance with State and federal laws, legislative mandates, and State policies
 - Support local partnerships with training, data collection, and evidence-based and evidence-informed program rating

Smart Start Overview

Examples of Smart Start programs

- Child care subsidy (approx. \$65 million in FY20)
- Support child care programs to improve or maintain quality of care
- Family support, parenting education, home visiting
- Early literacy (ex: Dolly Parton Imagination Library, Reach Out and Read)
- Early education quality: education-based salary supplements, continuing education scholarships

Other responsibilities

9% of expenditures go towards:

- Child care capacity building
- Child care regulation
- Criminal record checks
- Administration

Vast majority of funding for these areas comes from receipts (federal funds) and licensing fees, very little from State Appropriations

Federal and State COVID-19 Response

Child Care and Development Block Grant

- \$118M (Federal CARES Act)
- \$103M other one-time funds

Coronavirus Relief Fund (CARES Act)

- \$49M (S.L. 2020-97)
- \$20M (S.L. 2020-88)

\$290 million total

Federal and State COVID-19 Response

\$290M total in calendar year 2020 broken down by use:

- **\$120M** operational grants for child care providers
- **\$74M** child care staff bonus payments
- **\$34M** emergency child care for essential workers
- **\$31M** copayment assistance for parents
- **\$12M** remote learning for school-age children
- **\$8M** personal protective equipment (PPE)
- **\$4M** Smart Start

Federal and State COVID-19 Response

December 2020: Federal COVID relief bill provided **\$336M** in Child Care and Development Block Grant funds to North Carolina

- H196 passed by General Assembly March 4th
 - Must cover copays for families receiving child care subsidy through at least June 2021
 - Remainder of funds go towards operational grants for providers, cleaning and sanitation, summer enrichment, and copay assistance
 - No bonuses for child care staff

Note: Federal bill currently being considering by Congress is projected to include additional Child Care and Development Block Grant funds

QUESTIONS

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