

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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S.B. 822
PRINCIPAL CLERK

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SENATE BILL DRS35357-LUfa-158B

Short Title: Child Care Omnibus.

(Public)

Sponsors: Senators Smith, Grafstein, and Batch (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE CHILD TAX DEDUCTION AMOUNT, TO CREATE THE
3 CHILD CARE STABILIZATION FUND TO ASSIST IN STABILIZING THE CHILD
4 CARE WORKFORCE AND ENSURE ACCESS TO QUALITY CHILD CARE, TO
5 ESTABLISH THE CHILD CARE PROVIDER SUPPORT PROGRAM TO OFFER
6 FINANCIAL ASSISTANCE TO CHILD CARE PROVIDERS IN THIS STATE, AND TO
7 APPROPRIATE FUNDS FOR THOSE PURPOSES.

8 The General Assembly of North Carolina enacts:

9
10 **PART I. INCREASE CHILD TAX DEDUCTION AMOUNT**

11 **SECTION 1.1.** G.S. 105-153.5(a1) reads as rewritten:

12 "(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under
13 section 24 of the Code for the taxable year is allowed a deduction under this subsection for each
14 qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the
15 deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross
16 income, as calculated under the Code:

| 17 Filing Status | 18 Agi | 19 Deduction Amount |
|--|-------------------------------|--------------------------------------|
| 20 Married, filing jointly/ 21 surviving spouse | 22 Up to \$40,000 | 23 \$3,000 <u>\$3,600</u> |
| | 24 Over \$40,000 | 25 |
| | 26 Up to \$60,000 | 27 2,500 <u>3,000</u> |
| | 28 Over \$60,000 | 29 |
| | 30 Up to \$80,000 | 31 2,000 <u>2,400</u> |
| | 32 Over \$80,000 | 33 |
| | 34 Up to \$100,000 | 35 1,500 <u>1,800</u> |
| | 36 Over \$100,000 | |
| | Up to \$120,000 | 1,000 <u>1,200</u> |
| | Over \$120,000 | |
| Head of Household | Up to \$140,000 | 500.00 <u>600.00</u> |
| | Over \$140,000 | 0 |
| | Up to \$30,000 | \$3,000 <u>\$3,600</u> |
| | Over \$30,000 | |
| | Up to \$45,000 | 2,500 <u>3,000</u> |
| | Over \$45,000 | |
| | Up to \$60,000 | 2,000 <u>2,400</u> |
| Over \$60,000 | | |
| Up to \$75,000 | 1,500 <u>1,800</u> | |



| | | | |
|----|----------------------------|-----------------|-----------------------------------|
| 1 | | Over \$75,000 | |
| 2 | | Up to \$90,000 | 1,000 <u>1,200</u> |
| 3 | | Over \$90,000 | |
| 4 | | Up to \$105,000 | 500.00 <u>600.00</u> |
| 5 | | Over \$105,000 | 0 |
| 6 | Single | Up to \$20,000 | \$3,000 <u>\$3,600</u> |
| 7 | | Over \$20,000 | |
| 8 | | Up to \$30,000 | 2,500 <u>3,000</u> |
| 9 | | Over \$30,000 | |
| 10 | | Up to \$40,000 | 2,000 <u>2,400</u> |
| 11 | | Over \$40,000 | |
| 12 | | Up to \$50,000 | 1,500 <u>1,800</u> |
| 13 | | Over \$50,000 | |
| 14 | | Up to \$60,000 | 1,000 <u>1,200</u> |
| 15 | | Over \$60,000 | |
| 16 | | Up to \$70,000 | 500.00 <u>600.00</u> |
| 17 | | Over \$70,000 | 0 |
| 18 | Married, filing separately | Up to \$20,000 | \$3,000 <u>\$3,600</u> |
| 19 | | Over \$20,000 | |
| 20 | | Up to \$30,000 | 2,500 <u>3,000</u> |
| 21 | | Over \$30,000 | |
| 22 | | Up to \$40,000 | 2,000 <u>2,400</u> |
| 23 | | Over \$40,000 | |
| 24 | | Up to \$50,000 | 1,500 <u>1,800</u> |
| 25 | | Over \$50,000 | |
| 26 | | Up to \$60,000 | 1,000 <u>1,200</u> |
| 27 | | Over \$60,000 | |
| 28 | | Up to \$70,000 | 500.00 <u>600.00</u> |
| 29 | | Over \$70,000 | 0." |

30 **SECTION 1.2.** This Part is effective for taxable years beginning on or after January
 31 1, 2024.

32
 33 **PART II. CHILD CARE STABILIZATION**

34 **SECTION 2.1.** Article 3 of Chapter 143B of the General Statutes is amended by
 35 adding a new Part to read:

36 "Part 10D. Child Care Stabilization.

37 **"§ 143B-168.40. Findings and purpose.**

38 (a) The General Assembly finds that affordable, accessible, and high-quality child care
 39 is crucial to the well-being of North Carolina's children and families.

40 (b) The purpose of this Part is to stabilize the child care sector, enhance workforce
 41 support for child care professionals, and ensure access to quality early childhood education for
 42 all families in North Carolina.

43 **"§ 143B-168.41. Child Care Stabilization Fund.**

44 (a) There is established the Child Care Stabilization Fund (Fund) within the Department
 45 of Health and Human Services. The Fund shall be used to provide financial assistance to child
 46 care facilities with a focus on supporting low-income families and enhancing wages of child care
 47 providers in this State.

48 (b) The Department of Health and Human Services, Division of Child Development and
 49 Early Education, shall administer grants from the Fund to eligible child care facilities to stabilize
 50 their operations, improve infrastructure, and enhance the quality of services provided. To be

1 eligible for grants under this section, a child care facility shall meet one of the following
2 requirements:

3 (1) Hold a license or be regulated under a Notice of Compliance by the Division
4 of Child Development and Early Education on or before March 11, 2021.

5 (2) Hold a current license or a Notice of Compliance by the Division of Child
6 Development and Early Education and be eligible to participate in the State
7 Subsidized Child Care Assistance program.

8 **"§ 143B-168.42. Workforce support and professional development.**

9 (a) The Department of Health and Human Services, Division of Child Development and
10 Early Education, in collaboration with the Department of Public Instruction, shall develop and
11 implement initiatives to support the professional development of child care providers. These
12 initiatives may include training programs, scholarships, and career advancement opportunities.

13 (b) Child care facilities receiving grants from the Child Care Stabilization Fund
14 established under G.S. 143B-168.41 shall allocate a portion of the funds to increase wages for
15 child care providers, with a focus on addressing wage disparities and promoting workforce
16 retention.

17 **"§ 143B-168.43. Quality early childhood education.**

18 Recognizing the importance of quality early childhood education in preparing a child for
19 future success, the Department of Health and Human Services, Division of Child Development
20 and Early Education, in consultation with educational experts, shall develop guidelines and
21 standards to ensure that child care facilities supported by the Child Care Stabilization Fund under
22 G.S. 143B-168.41 provide a high-quality early childhood education experience.

23 **"§ 143B-168.44. Reporting and accountability.**

24 The Department of Health and Human Services shall submit a report by December 1 of each
25 year to the General Assembly detailing the use of the Child Care Stabilization Fund, the impact
26 on child care facilities and providers, and any recommendations for program improvement."

27 **SECTION 2.2.(a)** There is appropriated from the General Fund to the Department
28 of Health and Human Services, Division of Child Development and Early Education, the sum of
29 one hundred eighty million dollars (\$180,000,000) in recurring funds for the 2024-2025 fiscal
30 year to provide continued funding for child care stabilization grants consistent with similar grants
31 distributed in accordance with Section 3.2(a) of S.L. 2021-25.

32 **SECTION 2.2.(b)** This section becomes effective July 1, 2024.

33
34 **PART III. CHILD CARE PROVIDER SUPPORT PROGRAM**

35 **SECTION 3.1.(a)** The Department of Health and Human Services, Division of Child
36 Development and Early Education (Division), shall establish the Child Care Provider Support
37 Program (Program) to provide financial assistance to child care providers in this State. Child care
38 providers, regardless of household income, shall be eligible for free child care services for their
39 own children while actively employed in a licensed child care facility in North Carolina. The
40 Division shall allocate funds to cover the costs of child care services for children of child care
41 providers, ensuring accessibility and affordability for the workforce. The Division shall
42 collaborate with licensed child care facilities to implement and monitor the Program.

43 **SECTION 3.1.(b)** The Division of Child Development and Early Education shall,
44 within one year of its implementation, submit a report to the General Assembly detailing the
45 impact and effectiveness of the Child Care Provider Support Program (Program) established
46 under this section. The report shall include the number of child care providers benefiting from
47 the Program, the financial implications in sustaining the Program, and any recommendations for
48 improvements or adjustments.

49 **SECTION 3.2.** There is appropriated from the General Fund to the Department of
50 Health and Human Services, Division of Child Development and Early Education, the sum of
51 ten million dollars (\$10,000,000) in recurring funds for the 2024-2025 fiscal year for the

1 implementation of the Child Care Provider Support Program established in Section 3.1 of this
2 Part.

3 **SECTION 3.3.** This Part becomes effective July 1, 2024.

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5 **PART IV. EFFECTIVE DATE**

6 **SECTION 4.1.** Except as otherwise provided, this act is effective when it becomes
7 law.