

# **Child Care Subsidy**

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**Early Education and Family  
Support Programs Subcommittee**

# 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	<b>Provide needs based child care assistance</b>	School Readiness
<b>Target Population</b>	Children from birth to age 5	<b>Low income families with children under age 12</b>	At-risk four-year-olds who have not been exposed to other early education programs such as public or private preschool, Head Start, Early Head Start, or early intervention programs.

# 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><b>Age 0 to 5, and Special Needs children, 200% of federal poverty level</b></li> <li><b>Age 6-12, 133% of federal poverty level</b></li> <li><b>Need child care for an eligible activity such as employment, high school or post-secondary education</b></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> <li>75 local Smart Start Partnerships</li> </ul>	<ul style="list-style-type: none"> <li><b>Combination of State and Federal funding from Block Grants and the General Fund.</b></li> <li><b>Locally administered program with State level support</b></li> <li><b>100 local county departments of social services</b></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> <li>91 contractors</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

	2013-14	2014-15	2015-16	2016-17
Requirements	\$343,260,327	\$336,530,468	\$342,332,164	\$342,191,924
Receipts	\$302,137,474	\$309,394,955	\$300,122,888	\$294,606,516
Appropriation	\$ 41,122,853	\$ 27,135,513	\$ 42,209,276	\$47,585,408

- Chart includes administration.
- The change in Requirements from 2013-14 to 2014-15 was due to the elimination of a reserve account.

Source: BD 307 Fiscal Years 2013-16 DHHS - Child Development and Early Education Code: 14420, Fund 1380

# Child Care Subsidy Recent Legislative Changes

**Market Rate Increases:** S.L. 2014-100, Section 12B.5 required the Department to increase the child care market rates effective January 1, 2015 for 3, 4 and 5 star centers and homes by 25% of the difference between the current market rates and the market rates recommended in the 2013 Child Care Market Rate Study.

**Market Rate Increases:** S.L. 2015-241, Section 12B.2A required the Department to increase the child care market rates effective January 1, 2016 in Tier 1 and Tier 2 counties for children age 0, 1 and 2 being served in 3, 4 and 5 star centers and homes to the recommended rate in the 2015 Child Care Market Rate Study.

# Child Care Subsidy Recent Legislative Changes

## 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 a later slide.
- Step-parents and nonparent caretaker relative income were counted.
- Co-payments were no longer prorated for part-time care.

# Child Care Subsidy Recent Legislative Changes

## Eligibility Changes

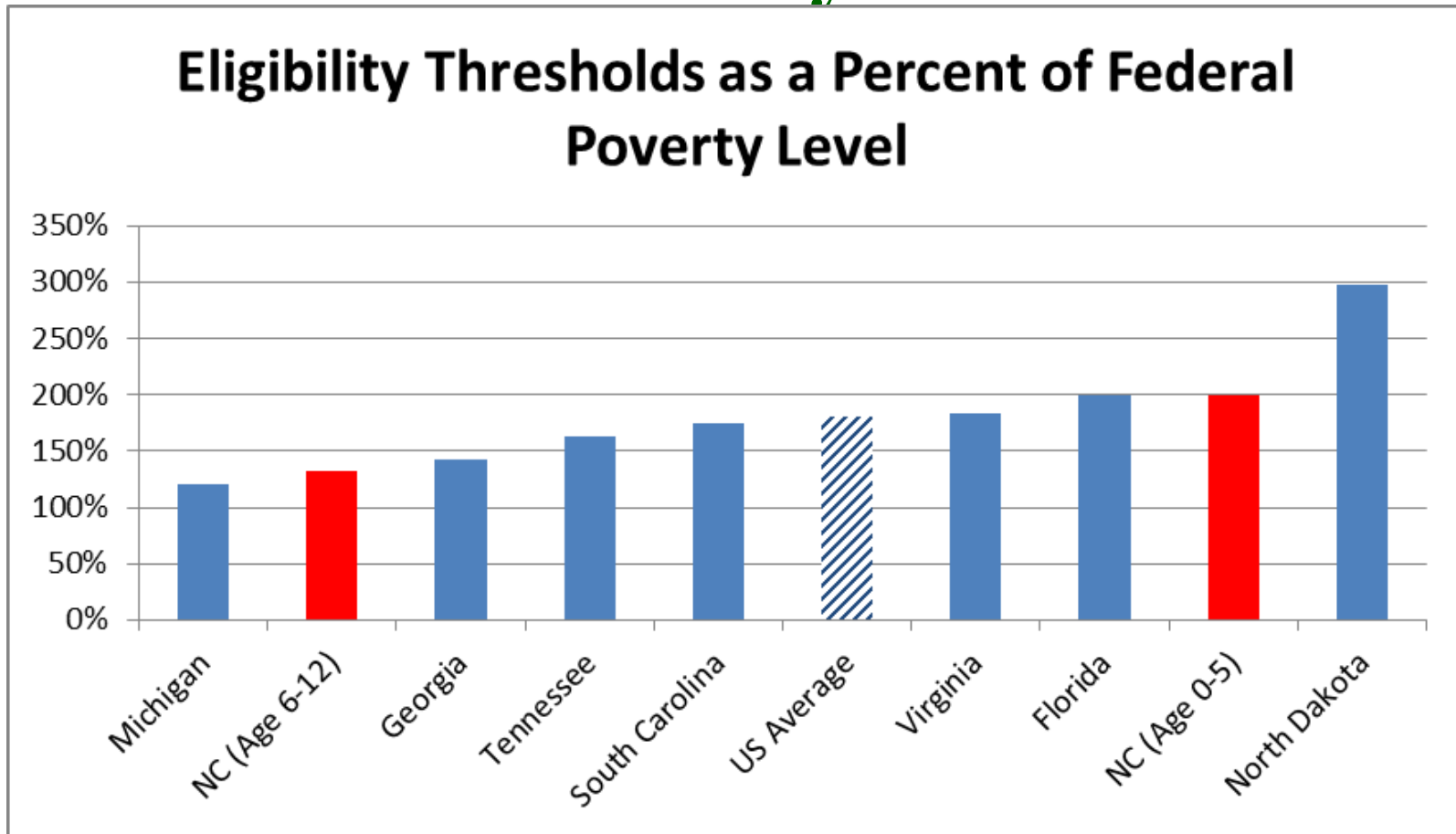
S.L. 2015-241, Section 12B.2 made the following changes:

- Nonparent caretaker relative income is no longer counted effective September 1, 2015. (reverses change from S.L. 2014-100.)
- Co-payments are prorated for part-time care at 75% of the full time co-payment.

# 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 \$4,042 a month.
- Children age 6-12 in eligible families with income less than 133% of FPL. A family of 4 must have income less than \$2,688 a month.
- 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.

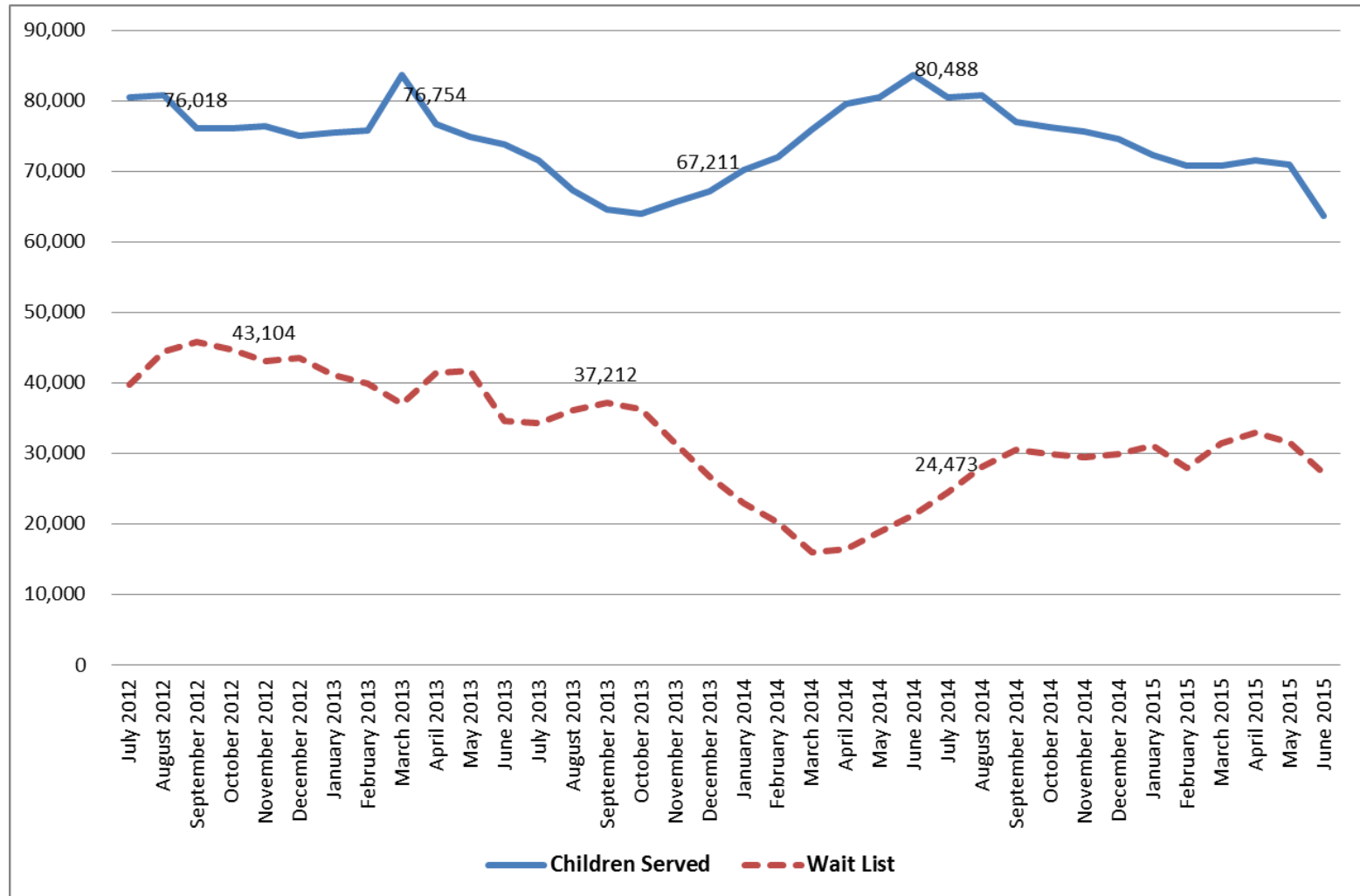
# Child Care Subsidy Income Limits



**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, 2014

# 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-June 2015

# Child Care Subsidy Children Served and Wait List

<b>July through June</b>	<b>Avg. Monthly Children Served</b>	<b>Avg. Monthly Wait List</b>
FY 2010-11	84,988	46,121
FY 2011-12	80,303	43,388
FY 2012-13	77,095	41,454
FY 2013-14	71,846	26,497
FY 2014-15	73,736	29,555
FY 2015-16*	67,060	29,723

\*FY 2015-16 is July 2015-October 2015 only.

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

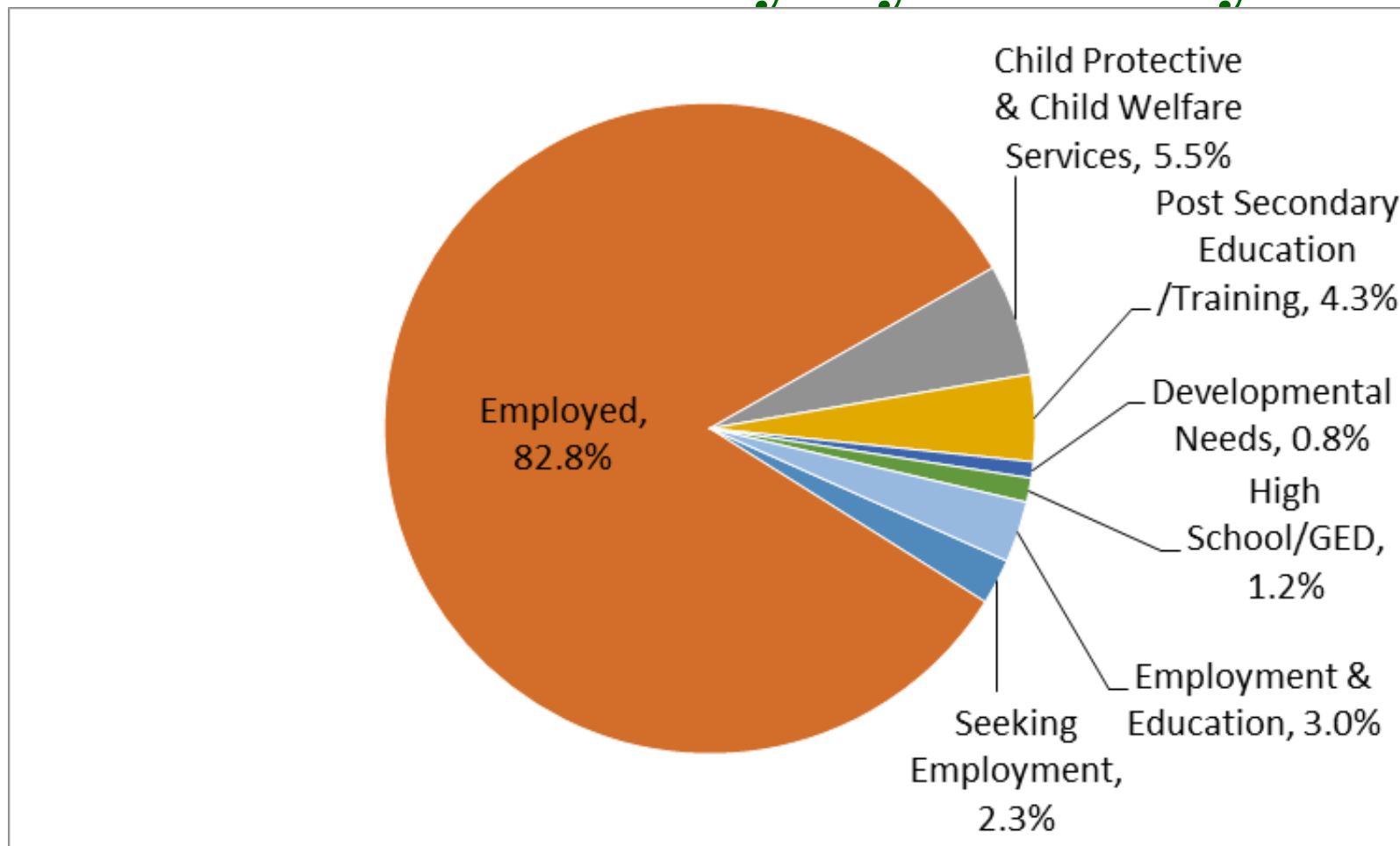


# Child Care Subsidy Eligibility

Income eligible families must also participate in a qualifying activity:

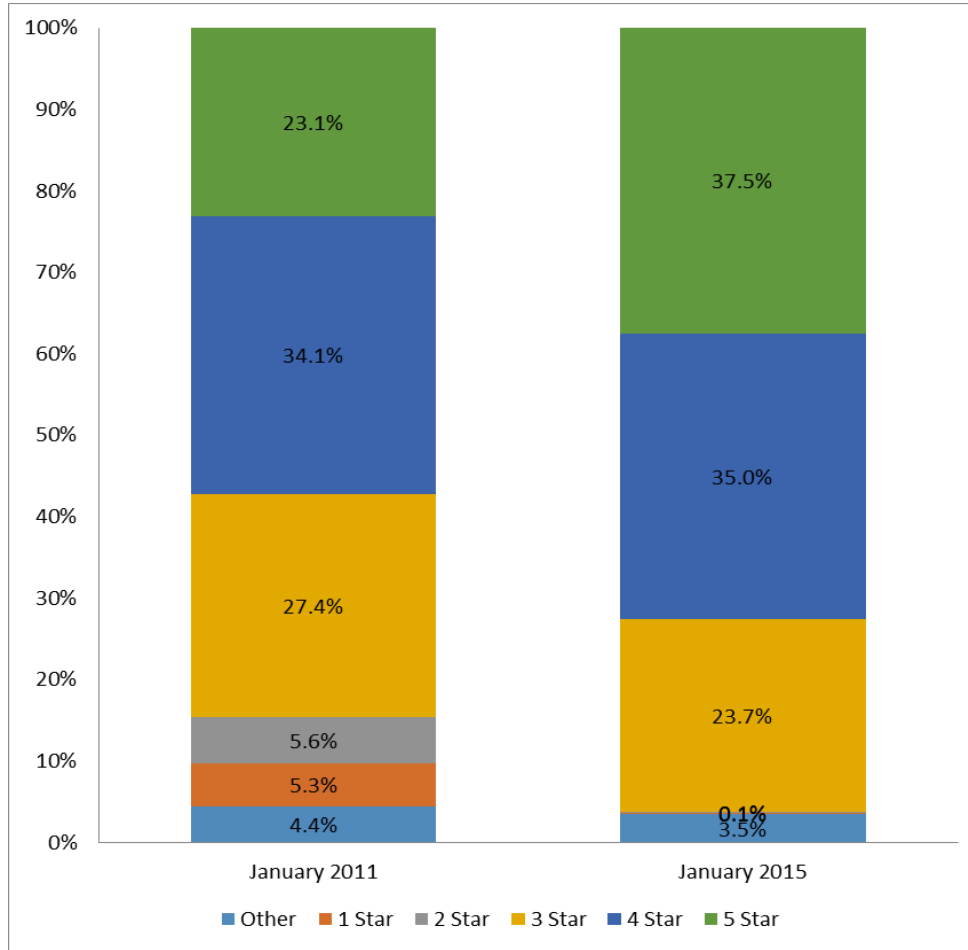
- Employment
- Seeking Employment
- Post Secondary Education
- Developmental Needs of the Child
- High School Education
- Combination of the above

# 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

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

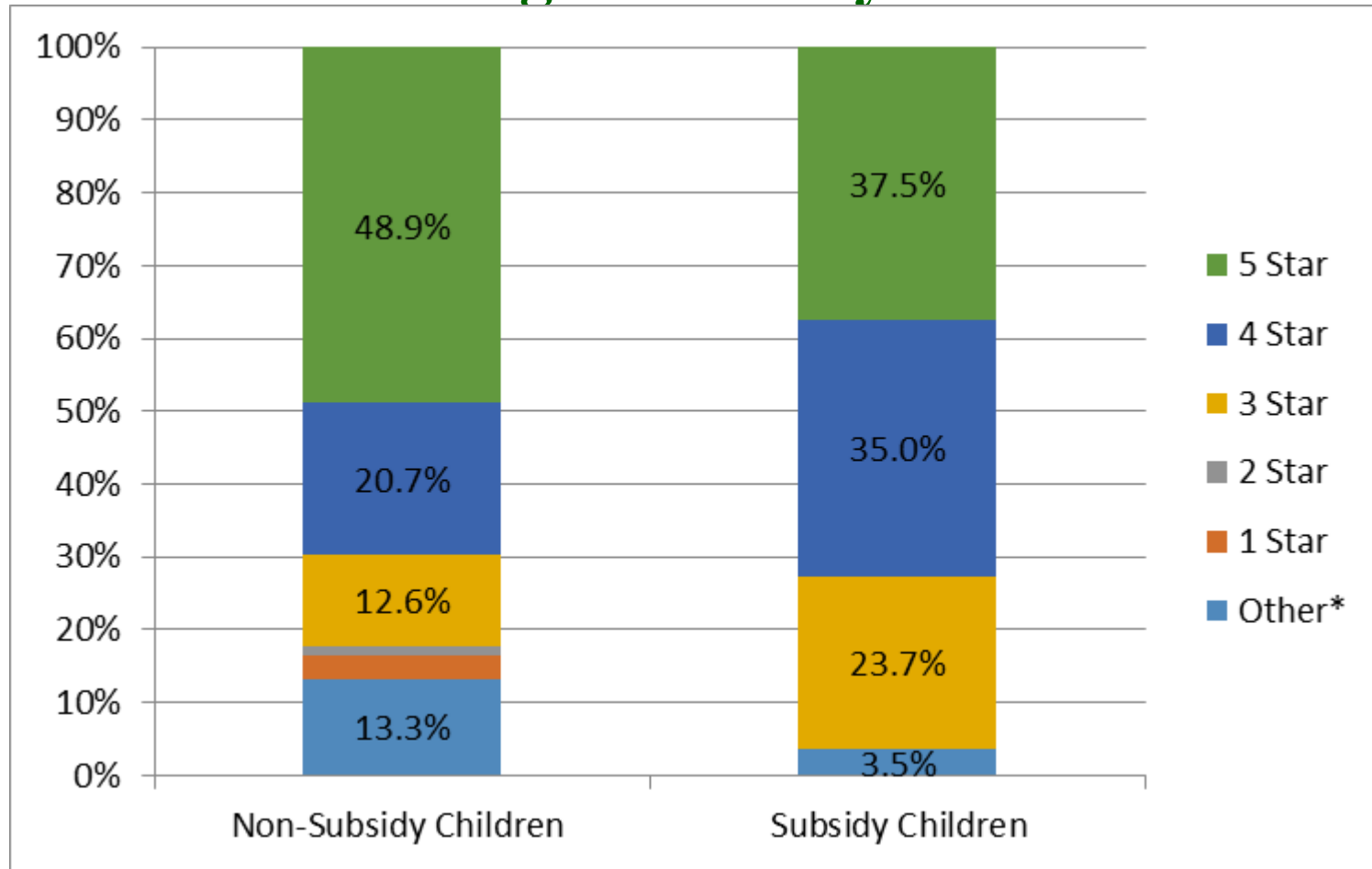


S.L. 2013-360, Appropriations Act of 2013, Section 12.B.3(f) prohibited subsidy funding to be paid for 1 or 2 star rated facilities. Exemptions are allowed in counties where there are an inadequate number of higher rated facilities.

“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 Ra .xlsx

# Questions?

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