

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 261*

Short Title: Child Day Care Rates/Funds.

(Public)

Sponsors: Representatives H. Hunter; Wright and Wainwright.

Referred to: Welfare Reform and Human Resources, if favorable, Appropriations.

February 23, 1995

A BILL TO BE ENTITLED

**AN ACT RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION
STUDY COMMITTEE ON CHILD CARE ISSUES TO ESTABLISH THE
REQUIREMENTS FOR THE MONTHLY SCHEDULE OF PAYMENTS OF THE
PURCHASE OF CHILD CARE SERVICES FOR LOW-INCOME CHILDREN,
AND TO APPROPRIATE FUNDS.**

The General Assembly of North Carolina enacts:

Section 1. (a) Rules for the monthly schedule of payments of the purchase of child day care services for low-income children shall be established by the Social Services Commission pursuant to G.S. 143B-153(8)a., in accordance with the following requirements:

- (1) For child day care facilities, as defined in G.S. 110-86(3), in which fewer than fifty percent (50%) of the enrollees are subsidized by State or federal funds, the State shall pay whichever of the following is lower:
 - a. The highest fee charged private paying parents for each age group or age category; or
 - b. The rate established by the local purchasing agency;

- (2) For child day care facilities that meet basic requirements in which fifty percent (50%) or more of the enrollees are subsidized by State or federal funds, the State shall pay whichever of the following is lowest:

- 1 a. The highest fee charged private paying parents for each age
2 group or age category;
- 3 b. The rate established by the local purchasing agency; or
- 4 c. The county market rate as established by the Division of Child
5 Development of the Department of Human Resources;
- 6 (3) For child day care facilities that meet enhanced regulatory requirements
7 in which fifty percent (50%) or more of the enrollees are subsidized by
8 State or federal funds, the State shall pay as follows:
 - 9 a. For "AA" licensed facilities, up to one hundred ten percent
10 (110%) of the county market rate or the provider's charge,
11 whichever is lower; and
 - 12 b. For facilities accredited by the National Association for the
13 Education of Young Children, up to one hundred twenty percent
14 (120%) of the county market rate or the provider's charge,
15 whichever is lower;
- 16 (4) For facilities that are not regulated by the State licensing agency or that
17 do not meet accreditation standards approved by the Division of Child
18 Development, the State shall pay whichever of the following is lowest:
 - 19 a. The highest fee charged private paying parents for each age
20 group or age category;
 - 21 b. The rate established by the local purchasing agency; or
 - 22 c. Seventy-five percent (75%) of the market rate as established by
23 the Division of Child Development;
- 24 (5) For child day care homes as defined in G.S. 110-86(4) that meet basic
25 regulatory requirements, the State shall pay whichever of the following
26 is lowest:
 - 27 a. The highest fee charged private paying parents for each age
28 group or age category;
 - 29 b. The rate established by the local purchasing agency; or
 - 30 c. The county market rate as established by the Division of Child
31 Development;
- 32 (6) For child day care homes as defined in G.S. 110-86(4) that meet
33 enhanced regulatory requirements, the State shall pay as follows:
 - 34 a. For homes accredited by the National Association of Family
35 Child Care and for homes in which the primary caregiver has
36 earned a Child Development Associates credential, up to one
37 hundred ten percent (110%) of the county market rate or the
38 provider's charge, whichever is less;
- 39 (7) For child day care homes as defined in G.S. 110-86(4) that are not
40 regulated by the State licensing agency or that do not meet standards
41 approved by the Division of Child Development, the State shall pay
42 whichever of the following is lowest:

- 1 a. The highest fee charged private paying parents for each age
2 group or age category;
- 3 b. The rate established by the local purchasing agency; or
- 4 c. Seventy-five percent (75%) of the county market rate as
5 established by the Division of Child Development;
- 6 (8) If a facility is not able to establish a rate because eighty percent (80%)
7 or more of the children in care are subsidized by State or federal funds,
8 the center may submit a budget for which its cost for service provision
9 can be determined and will be paid one of the following rates:
- 10 a. For providers in counties whose rates fall below the State market
11 rate, the established cost per child up to the State market rate for
12 "A" or "AA" licensed providers, whichever is appropriate;
- 13 b. For providers in counties whose rates exceed the State market
14 rate, the established cost per child up to the county market rate
15 for "A" or "AA" licensed providers; or
- 16 c. The rate established by the local purchasing agency;
- 17 (9) For child day care transportation services provided to or from a child
18 care facility or home, the State shall pay as follows:
- 19 a. For child care facilities, as defined in G.S. 110-86(3), in which
20 fewer than fifty percent (50%) of the enrollees are subsidized by
21 State or federal funds, and for child day care homes, as defined in
22 G.S. 110-86(4), the maximum allowable rate for transportation
23 shall be the transportation rate charged to private paying parents;
- 24 b. For facilities in which fifty percent (50%) or more of the
25 enrollees are subsidized by State or federal funds and all other
26 transportation providers excluding those described in paragraph
27 a. of this subdivision, the maximum allowable rate for
28 transportation shall be fifty-five dollars (\$55.00) per month for
29 any child younger than three years; forty-eight dollars (\$48.00)
30 per month for any child three years of age and older; and
31 seventy-five dollars (\$75.00) per month for children with special
32 needs whose transportation needs require special
33 accommodations or additional supervision;
- 34 (10) Market rates shall be calculated by the Division of Child Development
35 on an annual basis. Both State and county market rates shall be
36 established for each age group or age category of enrollees. The
37 Division may also calculate regional market rates for each age group or
38 age category. The Social Services Commission shall adopt rules to
39 establish county market rates that use the State market rate as a
40 reference; and
- 41 (11) Local purchasing agencies may establish a single county payment rate
42 for each age group that is used as a payment ceiling for all providers in
43 the county. This single county payment rate may be the county market

1 rate or a lower rate. Providers that charge their private paying parents
2 rates below this single payment rate will be paid the rate they charge
3 their parents. Local purchasing agencies may only establish a county
4 payment rate for the purposes of cost containment or quality
5 enhancement. If a single county payment rate is established, it must be
6 applied to all providers in the county.

7 (b) Facilities licensed pursuant to Article 7 of Chapter 110 of the General
8 Statutes may participate in the program that provides for the purchase of care in child day
9 care facilities for minor children of needy families. No separate licensing requirement
10 shall be used to select facilities to participate. In addition, child care facilities shall be
11 required to meet any additional applicable requirements of federal law or regulations.

12 Child day care homes, as defined in G.S. 110-86(4), from which the State
13 purchases child care services shall meet the standards established by the North Carolina
14 Child Day Care Commission pursuant to G.S. 110-101 and G.S. 110-105.1 and any
15 additional requirements of State law, federal law, or federal regulations. Child day care
16 arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the
17 General Statutes shall meet the requirements established by other State law and by the
18 Social Services Commission.

19 The Division of Child Development shall ensure that a procedure is adopted to
20 allow aggrieved providers to appeal rates established for them pursuant to this act.

21 Sec. 2. This act becomes effective July 1, 1995.