

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1457

Short Title: Early Childhood Initiatives.

(Public)

Sponsors: Senators Cooper; Soles, Speed, Lucas, Kerr, Gulley, Perdue, Plyler, Hoyle, Martin of Pitt, Winner, Dannelly, Jordan, Albertson, Rand, Conder, Odom, Hobbs, Plexico, Edwards, Sherron, Parnell, and Martin of Guilford.

Referred to: Appropriations.

June 3, 1996

A BILL TO BE ENTITLED

**AN ACT TO APPROPRIATE FUNDS TO IMPLEMENT CERTAIN CHANGES
RECOMMENDED BY THE SMART START AUDIT TO THE EARLY
CHILDHOOD INITIATIVES PROGRAM.**

The General Assembly of North Carolina enacts:

Section 1. The intent of the General Assembly is to strengthen the accountability and effectiveness of the Early Childhood Education and Development Initiatives Program, as set forth in Part 10B of Article 3 of Chapter 143B of the General Statutes.

In order to accomplish this goal, the General Assembly finds that, to the extent practicable, the findings and recommendations of the independent performance audit prepared pursuant to subdivision (1) of Section 27A of Chapter 324 of the 1995 Session Laws by the North Carolina Partnership for Children, Inc., the Department of Human Resources, and the local partnerships.

Sec. 2. G.S. 143B-168.12(a) reads as rewritten:

"(a) In order to receive State funds, the following conditions shall be met:

- 1 (1) ~~Members of the Board of Directors shall consist~~ The North Carolina
2 Partnership shall have a Board of Directors consisting of the following
3 39 members:
- 4 a. The Secretary of Human Resources, ex officio;
 - 5 b. The Secretary of Environment, Health, and Natural Resources, ex
6 officio;
 - 7 c. The Superintendent of Public Instruction, ex officio;
 - 8 d. The President of the Department of Community Colleges, ex
9 officio;
 - 10 e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th
11 Congressional Districts, appointed by the President Pro Tempore
12 of the Senate;
 - 13 f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th
14 Congressional Districts, appointed by the Speaker of the House
15 of Representatives;
 - 16 g. Seventeen members, of whom four shall be members of the party
17 other than the Governor's party, appointed by the Governor;
 - 18 h. The President Pro Tempore of the Senate, or a designee;
 - 19 i. The Speaker of the House of Representatives, or a designee;
 - 20 j. The Majority Leader of the Senate, or a designee;
 - 21 k. The Majority Leader of the House of Representatives, or a
22 designee;
 - 23 l. The Minority Leader of the Senate, or a designee; and
 - 24 m. The Minority Leader of the House of Representatives, or a
25 designee.
- 26 (2) The North Carolina Partnership shall agree to adopt procedures for its
27 operations that are comparable to those of Article 33C of Chapter 143 of
28 the General Statutes, the Open Meetings Law, and Chapter 132 of the
29 General Statutes, the Public Records Law, and provide for enforcement
30 by the Department.
- 31 (3) The North Carolina Partnership shall oversee the development and
32 implementation of the local demonstration projects as they are selected.
- 33 (4) The North Carolina Partnership shall develop and implement a
34 comprehensive fiscal accountability plan to ensure the fiscal integrity
35 and accountability of State funds appropriated to it and to the local
36 partnerships. The fiscal accountability plan shall, at a minimum,
37 include a uniform, standardized system of accounting, internal controls,
38 payroll, fidelity bonding, and chart of accounts.
- 39 (5) The North Carolina Partnership shall develop and implement a
40 centralized accounting and contract management and monitoring system
41 which incorporates features of the required standardized accountability
42 plan described in subdivision (4) of subsection (a) of this section. The
43 North Carolina Partnership shall require the following local partnerships

1 to participate in the centralized accountability system developed by the
2 North Carolina Partnership:

- 3 a. Local partnerships which have significant deficiencies in their
4 accounting systems, internal controls, and contract management
5 and contract monitoring systems, as determined by the annual
6 financial audit conducted by the Office of the State Auditor; and
7 b. Local partnerships which are in the first two years of operation
8 following their selection. At the end of this two-year period,
9 local partnerships shall continue to participate in the centralized
10 accounting and contract management and monitoring system.
11 With the approval of the North Carolina Partnership, local
12 partnerships may perform accounting and contract management
13 and monitoring functions at the local level using the standardized
14 and uniform accounting system, internal controls, and contract
15 management and contract monitoring systems developed by the
16 North Carolina Partnership.

17 Local partnerships which otherwise would not be required to participate
18 in the centralized accounting, contract management and monitoring
19 system may voluntarily choose to participate in the system.
20 Participation or nonparticipation shall be for a minimum of two years,
21 unless, in the event of nonparticipation, any partnership's annual
22 financial audit reveals serious deficiencies in accounting, contract
23 management, or monitoring.

- 24 (6) The North Carolina Partnership shall recommend a formula for
25 allocating direct services funds appropriated for this purpose to local
26 partnerships. The formula shall incorporate 'full funding' allocations, as
27 described in the performance audit authorized in Section 27A of
28 Chapter 324 of the 1995 Session Laws, for each local partnership as
29 determined by the Department based on its existing allocation formula,
30 and shall include a base amount equal to a local partnership's full
31 allocation of direct services funds, or the average allocation for all
32 partnerships when the program is fully funded, whichever is less. No
33 local partnership, in its first year of receiving direct services funding,
34 shall receive more than seventy-five percent (75%) of its direct services
35 allocation. The funds remaining after these base allocations are made
36 shall be allocated from all available funds appropriated for direct
37 services in any fiscal year on a pro rata basis to local partnerships which
38 received less than their full allocation.

- 39 (7) To the extent practicable, the North Carolina Partnership shall adjust its
40 recommended allocations on the basis of local partnerships'
41 performance in meeting the outcome goals and objectives of the North
42 Carolina Partnership and the goals and objectives set forth by local
43 partnerships in their approved annual program plans.

1 The North Carolina Partnership may contract with an independent
2 outside evaluator to conduct the performance assessments of local
3 partnerships. Factors which may be used in assessing the performance
4 of local partnerships include board involvement, family and community
5 outreach, collaboration among public and private service agencies, and
6 family involvement.

7 On the basis of performance assessments, local partnerships annually
8 shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local
9 partnerships rated 'superior' shall receive, to the extent that funds are
10 available, a ten percent (10%) increase in their annual funding
11 allocation. Local partnerships rated 'satisfactory' shall receive their
12 annual funding allocation. Local partnerships rated 'needs
13 improvement' shall receive ninety percent (90%) of their annual funding
14 allocation.

15 (8) The North Carolina Partnership shall establish a local partnership
16 advisory committee comprised of 15 members. Eight of the members
17 shall be chairs of local partnerships' board of directors, and seven shall
18 be staff of local partnerships. Members shall be chosen by the
19 Chairman of the North Carolina Partnership from a pool of candidates
20 nominated by their respective boards of directors. The local partnership
21 advisory committee shall serve in an advisory capacity to the North
22 Carolina Partnership and shall establish a schedule of regular meetings.
23 Members shall serve two-year terms and may not serve more than two
24 consecutive terms. Members shall be chosen from local partnerships on
25 a rotating basis. The advisory committee shall annually elect a chair
26 from among its members."

27 Sec. 3. G.S. 143B-168.13(a) reads as rewritten:

28 "(a) The Department shall:

29 (1) Develop a statewide process, in cooperation with the North Carolina
30 Partnership, to select the local demonstration projects. The first 12 local
31 demonstration projects developed and implemented shall be located in
32 the 12 congressional districts, one to a district. The locations of
33 subsequent selections of local demonstration projects shall represent the
34 various geographic areas of the State.

35 (2) ~~Develop, in cooperation with the North Carolina Partnership, Develop~~
36 ~~and conduct a statewide needs and resource assessment for each county.~~
37 ~~Of the funds appropriated to it to implement this Part, the Department~~
38 ~~may make available funds to each county for one year to an appropriate~~
39 ~~private nonprofit entity or to the county to perform this assessment.~~
40 every third year, beginning in the 1996-97 fiscal year. This needs
41 assessment shall be conducted in cooperation with the North Carolina
42 Partnership and with the local partnerships. The data and findings of
43 this needs assessment shall form the basis for annual program plans

1 developed by local partnerships and approved by the North Carolina
2 Partnership.

3 (3) Provide technical and administrative assistance to local partnerships,
4 particularly during the first year after they are selected under this Part to
5 receive State funds. The Department, at any time, may authorize the
6 North Carolina Partnership or a governmental or public entity to do the
7 contracting for one or more local partnerships. After a local
8 partnership's first year, the Department may allow the partnership to
9 contract for itself.

10 (4) Adopt, in cooperation with the North Carolina Partnership, any rules
11 necessary to implement this Part, including rules to ensure that no State
12 funds or local funds used to supplant these State funds shall be used for
13 personnel sick leave and annual leave benefits not allowed to State
14 employees. In order to allow local partnerships to focus on the
15 development of long-range plans in their initial year of funding, the
16 Department may adopt rules that limit the categories of direct services
17 for young children and their families for which funds are made available
18 during the initial year.

19 ~~(5) Report (i) quarterly to the Joint Legislative Commission on~~
20 ~~Governmental Operations and (ii) to the General Assembly and the~~
21 ~~Governor by April 1, 1994, and by March 1, 1995, on the ongoing~~
22 ~~results of all the local demonstration projects' work, including all details~~
23 ~~of the use to which the allocations were put, and on the continuing plans~~
24 ~~of the North Carolina Partnership and of the Department, together with~~
25 ~~legislative proposals, including proposals to implement the program~~
26 ~~statewide.~~

27 (6) The Department of Human Resources shall annually update its funding
28 formula using the most recent data available. These allocations shall
29 serve as the basis for determining 'full funding' allocations for each local
30 partnership."

31 Sec. 4. (a) G.S. 143B-168.14(a) reads as rewritten:

32 "(a) In order to receive State funds, the following conditions shall be met:

33 (1) Each local demonstration project shall be coordinated by a new local
34 partnership responsible for developing a comprehensive, collaborative,
35 long-range plan of services to children and families in the service-
36 delivery area. The board of directors of each local partnership shall
37 consist of members including representatives of public and private
38 nonprofit health and human service agencies, day care providers, the
39 business community, foundations, county and municipal governments,
40 local education units, and families. The Department, in cooperation with
41 the North Carolina Partnership, may specify in its requests for
42 applications the local agencies that shall be represented on a local board
43 of directors. No existing local, private, nonprofit 501(c)(3) organization,

1 other than one established on or after July 1, 1993, and that meets the
2 guidelines for local partnerships as established under this Part, shall be
3 eligible to apply to serve as the local partnership for the purpose of this
4 Part.

5 (2) Each local partnership shall agree to adopt procedures for its operations
6 that are comparable to those of Article 33C of Chapter 143 of the
7 General Statutes, the Open Meetings Law, and Chapter 132 of the
8 General Statutes, the Public Records Law, and provide for enforcement
9 by the Department.

10 (3) Each local partnership shall adopt procedures to ensure that all
11 personnel who provide services to young children and their families
12 under this Part know and understand their responsibility to report
13 suspected child abuse, neglect, or dependency, as defined in G.S. 7A-
14 517.

15 (4) Each local partnership shall participate in the uniform, standardized
16 accountability system developed and adopted by the North Carolina
17 Partnership.

18 (5) Each local partnership shall have a minimum resident population of
19 150,000 or represent a minimum of three contiguous counties.
20 Population estimates of the Office of State Planning shall be used to
21 determine whether the population requirements of this subdivision have
22 been met."

23 (b) Multicounty local partnerships existing as of the effective date of this act shall
24 be exempt from the requirements described in subdivision (5) of G.S. 143B-168.14(a)
25 above. Local partnerships must be in compliance with this section effective July 1, 1997.

26 Sec. 5. G.S. 143B-168.15 reads as rewritten:

27 **"§ 143B-168.15. Use of State funds.**

28 (a) State funds allocated to local projects for services to children and families shall
29 be used to meet assessed needs, expand coverage, and improve the quality of these
30 services. The local plan shall address the assessed needs of all children to the extent
31 feasible. It is the intent of the General Assembly that the needs of both young children
32 below poverty who remain in the home, as well as the needs of young children below
33 poverty who require services beyond those offered in child care settings, be addressed.
34 Therefore, as local partnerships address the assessed needs of all children, they should
35 devote an appropriate amount of their State allocations, considering these needs and other
36 available resources, to meet the needs of children below poverty and their families.

37 (b) Depending on local, regional, or statewide needs, funds may be used to support
38 activities and services that shall be made available and accessible to providers, children,
39 and families on a voluntary basis. Of the funds allocated to local partnerships that are
40 designated by the Secretary for direct services, seventy-five percent (75%) shall be used
41 for any one or more of the following activities and services:

42 (1) Child day care services, including:

43 a. Child day care subsidies to reduce waiting lists;

- 1 b. Raising the county child day care subsidy rate to the State market
- 2 rate, if applicable, in return for improvements in the quality of
- 3 child day care services;
- 4 c. Raising the income eligibility for child day care subsidies to
- 5 seventy-five percent (75%) of the State median family income;
- 6 d. Start-up funding for child day care providers;
- 7 e. Assistance to enable child day care providers to conform to
- 8 licensing and building code requirements;
- 9 f. Child day care resources and referral services;
- 10 g. Enhancement of the quality of child day care provided;
- 11 h. Technical assistance for child day care providers;
- 12 i. Quality grants for child day care centers or family child day care
- 13 homes;
- 14 j. Expanded services or enhanced rates for children with special
- 15 needs;
- 16 k. Head Start services;
- 17 l. Development of comprehensive child day care services that
- 18 include child health and family support;
- 19 m. Activities to reduce staff turnover;
- 20 n. Activities to serve children with special needs;
- 21 o. Transportation services related to providing child day care
- 22 services;
- 23 p. Evaluation of plan implementation of child day care services; and
- 24 q. Needs and resources assessments for child day care services.
- 25 (2) Family- and child-centered services, including early childhood
- 26 education and child development services, including:
- 27 a. Enhancement of the quality of family- and child-centered
- 28 services provided;
- 29 b. Technical assistance for family- and child-centered services;
- 30 c. Needs and resource assessments for family- and child-centered
- 31 services;
- 32 d. Home-centered services; and
- 33 e. Evaluation of plan implementation of family- and child-centered
- 34 services.
- 35 (3) Other appropriate activities and services for child day care providers
- 36 and for family- and child-centered services, including:
- 37 a. Staff and organizational development, leadership and
- 38 administrative development, technology assisted education, and
- 39 long-range planning; and
- 40 b. Procedures to ensure that infants and young children receive
- 41 needed health, immunization, and related services.
- 42 (c) Long-term plans for local projects that do not receive their full allocation in the
- 43 first year, other than those selected in 1993, should consider how to meet the assessed

1 needs of low-income children and families within their neighborhoods or communities.
2 These plans also should reflect a process to meet these needs as additional allocations and
3 other resources are received.

4 (d) State funds designated ~~by the Secretary~~ for start-up and related activities may be
5 used for capital expenses or to support activities and services for children, families, and
6 providers. State funds designated ~~by the Secretary~~ to support ~~activities and direct services~~
7 for children, families, and providers shall not be used for major capital expenses unless
8 the ~~Secretary~~ North Carolina Partnership approves this use of State funds based upon a
9 finding that a local partnership has demonstrated that (i) this use is a clear priority need
10 for the local plan, (ii) it is necessary to enable the local partnership to provide services
11 and activities to underserved children and families, and (iii) the local partnership will not
12 otherwise be able to meet this priority need by using State or federal funds available to
13 that ~~county~~ local partnership. The funds approved for capital projects in any two
14 consecutive fiscal years may not exceed ten percent (10%) of the total funds for direct
15 services allocated to a local partnership in those two consecutive fiscal years.

16 (e) State funds allocated to local partnerships shall not supplant current
17 expenditures by counties on behalf of young children and their families, and maintenance
18 of current efforts on behalf of these children and families shall be sustained. State funds
19 shall not be applied without the Secretary's approval where State or federal funding
20 sources, such as Head Start, are available or could be made available to that county.

21 (f) Local partnerships may carry over funds from one fiscal year to the next,
22 subject to the following conditions:

23 (1) Local partnerships in their first year of receiving direct services funding
24 may, on a one-time basis only, carry over any unspent funds to the
25 subsequent fiscal year.

26 (2) Any local partnership may carry over any unspent funds to the
27 subsequent fiscal year, subject to the limitation that funds carried over
28 may not exceed the increase in funding the local partnership received
29 during the current fiscal year over the prior fiscal year.

30 (g) Not less than thirty percent (30%) of each local partnership's direct services
31 allocation shall be used to expand child day care subsidies. To the extent practicable,
32 these funds shall be used to enhance the affordability, availability, and quality of child
33 day care services as described in this section. Notwithstanding any other provision of
34 law, funds allocated for child day care subsidies shall not be considered in calculating the
35 base funding amount for determining the cash and in-kind matching requirements which
36 the North Carolina Partnership or local partnerships may be required to meet."

37 Sec. 6. In addition to the specific changes set forth in Sections 2 through 5 of
38 this act, the Department of Human Resources, the North Carolina Partnership, and the
39 local partnerships also shall do the following:

40 (1) Plan and prepare for effective Early Childhood Initiatives Program
41 implementation in those counties not yet phased into the overall
42 program.

- 1 (2) Maintain the current State level of administrative support for the Early
2 Childhood Initiatives Program.
- 3 (3) Develop a statewide resource and referral data base.
- 4 (4) Continue the evaluation of the Early Childhood Initiatives Program by
5 the Frank Porter Graham Child Development Center.

6 Sec. 7. Effective July 1, 1996, there is appropriated from the General Fund to
7 the Department of Human Resources the sum of twenty-one million two hundred
8 thousand dollars (\$21,200,000) for the 1996-97 fiscal year to fund this act.

9 Sec. 8. Except as otherwise provided in this act, this act is effective upon
10 ratification.