

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

1

SENATE BILL 1278

Short Title: Child Care Subsidy Rates.

(Public)

Sponsors: Senators Martin of Guilford, Phillips, Ballance, Dannelly, Forrester, Hartsell, Kinnaird, Lucas, Purcell, and Wellons.

Referred to: Appropriations/Base Budget.

June 5, 2000

A BILL TO BE ENTITLED

1 AN ACT TO REQUIRE THE DIVISION OF CHILD DEVELOPMENT TO CONDUCT
2 A MARKET RATE STUDY FOR CHILD CARE SUBSIDIES EVERY TWO
3 YEARS; TO REQUIRE THAT THE RESULTS OF THE STUDY BE PUBLISHED
4 AND NEW MARKET RATES IMPLEMENTED WITHIN SIX MONTHS AFTER
5 THE STUDY IS COMPLETED; TO REQUIRE THAT CHILD CARE SUBSIDIES
6 BE SET AT THE SEVENTY-FIFTH PERCENTILE OF THE COUNTY MARKET
7 RATE; AND TO CHANGE THE WAY CHILD CARE SUBSIDIES ARE SET FOR
8 THE 2000-2001 FISCAL YEAR.
9

10 The General Assembly of North Carolina enacts:

11 Section 1.(a) Chapter 110 of the General Statutes is amended by adding a new
12 section to read:

13 **"§ 110-109. Child care subsidy rates.**

14 (a) The Department shall conduct a statewide market rate study of child care
15 facilities at least once every two years. The study shall include a survey of all licensed
16 facilities. Based on the results of this study, the Department shall establish a market rate
17 for child care centers and homes at each rated quality level for each county and for each
18 age group. The Department shall also calculate a statewide market rate at each rated
19 quality level for each age group. The market rate shall be set at the seventy-fifth

1 percentile of fees charged to unsubsidized, privately-paying parents at each rated quality
2 level for each age group.

3 (b) Within six months of completing a statewide market rate study, the Department
4 shall publish the results of that study and implement market rates based on the results of
5 that study.

6 (c) When a county has at least 75 children in an age group at a particular rated
7 quality level, the subsidy rate is the county market rate for that age group at that rated
8 quality level. When a county has less than 75 children in an age group at a particular
9 rated quality level, the subsidy rate is the statewide market rate for that age group at that
10 rated quality level.

11 (d) Notwithstanding the provisions of subsection (c) of this section, when it can be
12 demonstrated that the statewide market rate is lower than the county market rate and that
13 setting the subsidy rate at the statewide market rate would inhibit a county to purchase
14 child care for low-income children, the subsidy rate shall be the county market rate."

15 Section 1.(b) The first market rate study required by G.S. 110-109 as enacted by
16 subsection (a) of this section shall be completed no later than April 1, 2001.

17 Section 2.(a) Subsection (c) of Section 11.47 of S.L. 1999-237 reads as rewritten:

18 "Section 11.47.(c) Payments for the purchase of child care services for low-
19 income children shall be in accordance with the following requirements:

20 (1) Effective October 1, 1999, religious-sponsored child care facilities
21 operating pursuant to G.S. 110-106 and licensed child care centers and
22 homes that meet the minimum licensing standards that are participating
23 in the subsidized child care program shall be paid the ~~county market~~
24 subsidy rate or the rate they charge privately paying parents, whichever
25 is lower.

26 (2) Effective October 1, 1999, religious-sponsored child care facilities
27 operating pursuant to G.S. 110-106 and licensed child care centers and
28 homes that are receiving a higher rate than the ~~market-subsidy~~ rates that
29 will be implemented with this provision shall continue to receive that
30 higher rate for a period of three years from the effective date of this
31 section.

32 (3) Effective October 1, 1999, licensed child care centers with two or more
33 stars may receive a higher payment rate per child per month as follows:
34 two stars - \$14.00, three stars - \$17.00, four stars - \$20.00, and five stars
35 - \$23.00. Effective January 1, 2000, licensed child care homes with two
36 or more stars may receive a higher payment rate per child per month as
37 follows: two stars - \$14.00, three stars - \$17.00, four stars - \$20.00, and
38 five stars - \$23.00. This subdivision expires September 1, 2000.

39 (3a) Effective September 1, 2000, licensed child care centers and homes with
40 two or more stars shall receive the subsidy rate for that rated quality
41 level for that age group or the rate they charge privately paying parents,
42 whichever is lower.

1 (4) Nonlicensed homes shall receive fifty percent (50%) of the ~~county~~
2 ~~market-subsidy~~ rate or the rate they charge privately paying parents,
3 whichever is lower.

4 (5) Maximum payment rates shall also be calculated periodically by the
5 Division of Child Development for transportation to and from child care
6 provided by the child care provider, individual transporter, or
7 transportation agency, and for fees charged by providers to parents.
8 These payment rates shall be based upon information collected by
9 market rate surveys."

10 Section 2.(b) Subsection (d) of Section 11.47 of S.L. 1999-237 is repealed.

11 Section 2.(c) Subsection (e) of Section 11.47 of S.L. 1999-237 reads as rewritten:

12 "Section 11.47.(e) A market rate shall be calculated for child care centers and
13 homes ~~that meet minimum licensing standards at each rated quality level~~ for each county
14 and for each age group or age category of enrollees and shall be representative of fees
15 charged to unsubsidized privately paying parents for each age group of enrollees within
16 the county. The Division of Child Development shall also calculate a statewide market
17 rate at each rated quality level for each age category. The Division of Child
18 Development may also calculate regional market rates at each rated quality level for each
19 age group and age category."

20 Section 3. G.S. 143-168.15(g) reads as rewritten:

21 "(g) Not less than thirty percent (30%) of each local partnership's direct services
22 allocation shall be used to expand child care subsidies. To the extent practicable, these
23 funds shall be used to enhance the affordability, availability, and quality of child care
24 services as described in this section. ~~The local partnerships shall give priority for the use of~~
25 ~~these funds to augmenting the State's supplemental subsidy payment rate per child per month for~~
26 ~~licensed child care centers and homes earning a rated license that exceeds the minimum licensing~~
27 ~~standards."~~

28 Section 4. Section 3 becomes effective September 1, 2000. The remainder of
29 this act becomes effective July 1, 2000.