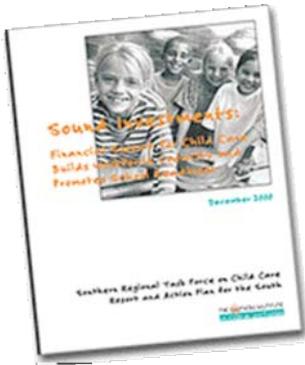


**APPENDIX J  
NORTH CAROLINA**

**Survey Results on the Status of State Implementation Efforts  
October 1, 2002 to May 31, 2003**



## Southern Regional Initiative on Child Care: Action Plan to Improve Access to Child Care Assistance for Low-Income Families in the South

**Survey Results on the Status of Implementation Efforts  
Current Report Period: October 1, 2002 to May 31, 2003**

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**Goal 1 - Federal, State, Local and Private Funds Should Be Sufficient to Meet 100% of Need for Direct Child Care Assistance, Based on Initial Eligibility Levels at 85% of the State Median Income. Redetermination Levels Should Allow Families to Retain Child Care Assistance Until They Reach 100% of State Median Income.**

***(Action Step 1.1) - Educate federal and state policymakers on the need for action.***

**2003 Response:**

The Division is constantly analyzing data to review factors such as the number of families who are employed due to receipt of subsidy assistance. Additionally, a waiting list survey was conducted this year to determine the impact waiting to receive subsidy services has on low-income families. A new subsidy allocation formula was also developed which identified the amount of funding needed to serve eligible families. The data analysis and survey responses are considered when developing policies and are shared with the legislature and advocates.

**2002 Response:**

Materials were prepared and presented to the NC delegation in Washington, DC during the 2001 and 2002 session on the importance of funding for child care subsidies. Summits were held across the state in 2002 that identified the critical need for continued and increased funding of TANF and CCDF. Information was also presented to the Joint Governmental Operations Subcommittee on Health and Human Services/Education at the NC General Assembly.

**2001 Response:**

Materials were prepared and presented to NC lawmakers during the 2000 and 2001 sessions on the importance of funding for child care subsidies. This was critical in securing legislative approval to transfer a large amount of TANF funding into the Child Care and Development Block Grant (\$76 million in SFY 01-02). In addition, the NC General Assembly approved a new pre-kindergarten initiative to be piloted in 2001 for at-risk four-year-olds. A goal of the pilot will be to reach at-risk children who are not currently receiving early childhood education, including subsidized child care.

***(Action Step 1.2) - Educate the business community on the need for leadership in achieving state, federal and community resources to meet 100% of need.***

**2003 Response:**

State and community leaders were brought together during the North Carolina Partnership for Children's (NCPCC) National Conference held in January 2003 for an Early Care and Financing Session. The session was held to discuss financing child care and early education in hopes of reforming the way key issues related to funding are addressed. Work surrounding this issue is being conducted by the North Carolina Finance Task Group, while local Smart Start partnerships, local purchasing agencies and other local groups continue their work to involve the business community in creating additional funding sources for child care.

**2002 Response:**

Local Smart Start partnerships, local purchasing agencies and other local groups have worked to involve the business community in creating funding sources for child care. For example, in New Hanover County, the local Smart Start partnership created a “Share the Care” program where businesses donate scholarship funds to pay for children on the waiting list.

**2001 Response:**

Local Smart Start partnerships and other local groups have worked to involve the business community in creating funding sources for child care.

***(Action Step 1.3) - Increase federal funding for the Child Care and Development Fund to fulfill current policy allowing federal matching funds for child care assistance up to 85% of the state median income.***

**2003 Response:**

As a state agency, we cannot lobby Congress; however, we have shared statistics and data about unmet needs for subsidy services with our Congressional delegation through our state’s DC office. We also share information with state and national advocacy groups, parents and providers who can advocate for increased funding.

**2002 Response:**

As a state agency, we cannot lobby Congress; however, we have shared statistics and data about unmet needs for subsidy services with our Congressional delegation through our state’s DC office. We also share information with state and national advocacy groups, parents and providers who can advocate for increased funding.

**2001 Response:**

N/A

***(Action Step 1.4) - Increase state funding to provide child care subsidies to all eligible families who seek child care assistance.***

**2003 Response:**

The North Carolina General Assembly has proposed to decrease Smart Start funding in SFY 2003 – 2004; however, an increase is proposed for the More at Four Pre-K initiative, which serves at-risk four-year-olds.

**2002 Response:**

North Carolina has proposed decreased Smart Start funding in SFY 02 – 03 due to the State budget deficit. The proposed decrease holds spending for the subsidy program at last year’s level. Smart Start expenditures for child care subsidies are used to leverage both TANF and CCDF funds.

**2001 Response:**

NC increased Smart Start funding in SFY 00-01, which provided more state funds for child care subsidies. However, Smart Start funds were reduced for SFY 01-02 due to a State budget crisis. Smart Start expenditures for child care subsidies are used to leverage both TANF and CCDF funds.

**(Action Step 1.5) - Mobilize federal, state and community resources in support of families who need child care assistance.**

**2003 Response:**

The Division of Child Development continues working with other agencies at the state and county level by sharing statistics and other data needed to lobby supporters. Providing such information has equipped these agencies with the information needed to support the need for child care subsidies. Also, a recent initiative involved the development of parent and provider brochures that provides information about the Subsidized Child Care Program and choosing quality child care to promote a greater awareness of North Carolina's Star Rated License System. The brochures will be distributed to our partners across the state for distribution within their communities.

**2002 Response:**

The manual, *Financing Early Childhood Education*, which was published by the North Carolina Partnership for Children (NCPC), continues to be distributed to local Smart Start partnerships and any interested agency or individual that provides information about options for financing child care when state and federal funds are not sufficient. In addition, local partnerships have recruited local businesses which have donated funds to serve children on the Subsidized Child Care waiting list. Another local initiative involves businesses donating subsidy funds in conjunction with providers donating spaces for unserved children.

**2001 Response:**

The North Carolina Partnership for Children (NCPC) published a manual, *Financing Early Childhood Education*, which was distributed to local Smart Start partnerships to provide information about options for financing child care when state and federal funds are not sufficient.

**Goal 2: States and Communities Should Broaden Their Child Care Eligibility and Subsidy Policies to Meet the Economic, Work and Education Needs of Families**

**(Action Step 2.1) - Establish co-payments not to exceed 10% of gross family income.**

**2003 Response:**

No change.

**2002 Response:**

In North Carolina, the co-payments are 8, 9 or 10% of a family's gross countable income based on family size.

**2001 Response:**

We do this.

***(Action Step 2.2) - Provide child care assistance to students who qualify under the income guidelines.***

**2003 Response:**

No change.

**2002 Response:**

North Carolina continues to provide child care assistance to students who qualify under the income guidelines to complete high school and up to two years of post-secondary education.

**2001 Response:**

(Already doing)

***(Action Step 2.3) - Explore broad use of income exemptions to address affordability of child care.***

**2003 Response:**

No new income exemptions have been implemented.

**2002 Response:**

NC has continued its fee policy that does not impose a limit on the length of time that families may receive child care subsidies without regard to income (and without paying any fees) to support Child Protective Services or Child Welfare Services. In addition, there are several sources of income which are not counted in determining a family's income eligibility.

**2001 Response:**

NC changed its fee policy in 2001 to remove any limit on the length of time that families may receive child care subsidies without regard to income (and without paying any fees) to support Child Protective Services or Child Welfare Services.

***(Action Step 2.4) - Eliminate asset testing (e.g. automobile or savings account) from criteria for child care assistance.***

**2003 Response:**

No change.

**2002 Response:**

North Carolina does not require asset testing as a part of the eligibility process for child care assistance.

**2001 Response:**

We do not do asset testing.

***(Action Step 2.5) - Index income eligibility levels for inflation.***

**2003 Response:**

No change. The current income guidelines allow a family of 4 to earn up to \$40,000 annually; however, 85% of the families earn less than \$25,000 annually.

**2002 Response:**

North Carolina adjusts the income eligibility limits every two years to correspond to 75% of State Median Income, according to family size. The next adjustment will occur in 2003. The current income guidelines allow a family of 4 to earn up to \$40,000 annually; however, 86% of the families receiving subsidy earn less than \$25,000 annually.

**2001 Response:**

Effective October 1, 2001, NC increased the income eligibility limits for the subsidized child care program. This is done every two years to correspond to 75% of State Median Income, according to family size.

**Goal 3: Outreach Initiatives Should Be Designed and Aggressively Implemented to Assure That Families Have Accessible and Easy-To-Understand Information on Child Care Assistance and Are Provided Assistance in Applying.**

***(Action Step 3.1) - Provide information on child care subsidies through multiple sources, venues and the media.***

**2003 Response:**

The North Carolina Division of Child Development continues to update and improve information on how to get help paying for child care on its website. Child care resource and referral agencies and Smart Start partnerships also continue to provide this information at the local level. A recent initiative involved the development of parent and provider brochures that provide information about the Subsidized Child Care Program and choosing quality child care to promote a greater awareness of North Carolina's Star Rated License System. The brochures will be distributed to our partners across the state for distribution within their communities and will be accessible on the Division's website.

**2002 Response:**

The NC Division of Child Development continues to update and improve information on how to get help paying for child care on its website. Child care resource and referral agencies and Smart Start partnerships also continue to provide this information at the local level. A recent initiative involved the distribution of posters to create an awareness of child care licensing. The posters are being distributed to businesses, civic and religious organizations and public agencies across the state.

**2001 Response:**

The NC Division of Child Development has added information on how to get help paying for child care to its website. Child care resource and referral agencies and Smart Start partnerships also provide this information at the local level.

***(Action Step 3.2) - Ensure that information is accurate, family friendly, employer friendly, culturally sensitive and provided in multiple languages, as appropriate.***

**2003 Response:**

The Division of Child Development has translated forms and other information regarding the subsidy program into Spanish. Additionally, the Division has translated information into Spanish about the Subsidized Child Care Program, choosing quality child care and the Star Rated License System for parents and providers on its website. The information within the Division's Facility Search Site and some of the forms, as well as various other resource materials have been translated.

**2002 Response:**

North Carolina has started the process of translating forms and information regarding the subsidy program into Spanish. The Division of Child Development is in the process of finalizing the translation of information on the five-star rated license initiative and about choosing quality child care into Spanish for parents and providers on its website. The information within its Facility Search Site and some of the forms will be translated also.

**2001 Response:**

Given the large increase in the state's Hispanic population, NC is starting the process of translating forms and information regarding the subsidy program into Spanish.

***(Action Step 3.3) - Present information in a manner that would remove the stigma associated with receiving subsidies.***

**2003 Response:**

Presentations have been made at various State conferences such as Head Start, Smart Start and to provider organizations and other agencies on the Subsidized Child Care (SCC) Program, including the eligibility criteria and how families can apply. The information is disseminated in various settings in hopes of reaching those persons who may not be aware of the availability of subsidized child care assistance. Additionally, county staff is encouraged to eliminate barriers that may prevent families from applying for services.

**2002 Response:**

No change.

**2001 Response:**

The Division of Child Development has a very thorough web site that provides a great deal of information to parents in a sensitive and respectful manner.

***(Action Step 3.4) - Provide literature and assistance to help parents make informed provider choices.***

**2003 Response:**

The Division of Child Development recently developed parent and provider brochures that provide information about the Subsidized Child Care Program and importance of choosing quality child care to promote a greater awareness of North Carolina's Star Rated License System. The brochures will be available in English and Spanish and will be accessible on the Division's website. In addition, the Division has made displays available that provide information about the Star Rated License System and what to look for when choosing quality child care at various State conferences such as Head Start and North Carolina Association for the Education of Young Children (NCAEYC). The informational displays are also made available to other agencies upon request.

**2002 Response:**

In addition to the Division of Child Development's website, another site, [www.ncchildcare.net](http://www.ncchildcare.net) was added. This website allows parents to access more detailed information on child care programs statewide and indicates whether the program accepts children who receive assistance through the Subsidized Child Care Program. Information on this website will be available in both English and Spanish during the fall/winter of 2002.

**2001 Response:**

The NC Division of Child Development launched a new addition to its website, [www.ncchildcare.net](http://www.ncchildcare.net), early in 2000 that allows parents to access more detailed information on all child care programs statewide.

***(Action Step 3.5) - Coordinate ongoing and strategic outreach activities among common organizations and providers.***

**2003 Response:**

The Division of Child Development has created a Subsidy Advisory Committee consisting of child care providers and advocates and a representative of the North Carolina Directors Association. The group will identify issues that impact parents and providers and recommend solutions.

**2002 Response:**

The Division of Child Development is in the process of creating new brochures addressing Subsidized Child Care and the Star Rated Licenses that targets parents and providers.

**2001 Response:**

The Division of Child Development recently created a flyer for county departments of social services agencies to send to child care providers regarding the increase in income eligibility guidelines so that parents can be informed.

***(Action Step 3.6) - Offer cross-training and information to providers, community organizations, faith organizations, and state agencies to inform them about child care assistance programs and how to assist families in filing applications.***

**2003 Response:**

State staff utilizes opportunities to provide information at state and national conferences that reaches providers, community organizations and the faith-based community about child care subsidies. County staff provides training sessions for child care providers.

**2002 Response:**

No change.

**2001 Response:**

Presentations have been made to provider organizations and other agencies and groups on the subsidized child care program, including the eligibility criteria and how families can apply.

**Goal 4: The Child Care Application and Redetermination Processes Should Be Uncomplicated and Family Friendly.**

***(Action Step 4.1) - Simplify applications for child care assistance.***

**2003 Response:**

The Subsidized Child Care Services Manual has been simplified resulting in policies that will be easier for county staff to follow which should result in improved customer services for families. The simplified Subsidized Child Care Services Manual is available to counties on-line and statewide training was provided for county staff on the simplified policies.

**2002 Response:**

The Child Care Subsidy Manual and forms (including application) are available to counties on-line. Most forms are interactive on-line. The policy simplification project is currently in process which will produce a more user friendly and clear manual. In addition, a case management system is being developed that will share eligibility information across social services programs to simplify the application process for families.

**2001 Response:**

In 2001, the Child Care Subsidy Manual and forms (including application) became available to counties on-line. Forms will eventually become interactive on-line.

***(Action Step 4.2) - Allow filing by mail, phone, fax or internet.***

**2003 Response:**

No change.

**2002 Response:**

North Carolina allows applications to be submitted by mail. Parents and providers are also able to access certain interactive forms online.

**2001 Response:**

We already allow applications to be submitted by mail.

***(Action Step 4.3) - Minimize requests for documentation at initial application and utilize documents already on file.***

**2003 Response:**

Existing subsidy policies allow workers to use income verification on file in the county department of social services when the family has applied for multiple programs.

**2002 Response:**

Work continues on the case management system that will share eligibility information across assistance programs. The purpose of the case management system is to improve access to a broad range of social services. It also is designed to be an efficient and effective tool in assessing need and eligibility, to be a comprehensive tool that helps to track cases, share information, and coordinate services across programs, and offers better and more comprehensive data for evaluating results. Existing Subsidy policies allow workers to use income verification on file in the county Department of Social Services when the family has applied for multiple programs.

**2001 Response:**

NC began working on a department project in 2000 that will eventually allow a case management system to share eligibility information across assistance programs, making it easier for families to apply for various types of assistance at the local level.

***(Action Step 4.4) - Provide applications at multiple sites.***

**2003 Response:**

No change.

**2002 Response:**

In certain areas of the state, parents can apply at the child care site or the local department of social services, or the local Smart Start partnership or the child care resource and referral agency.

**2001 Response:**

In some areas, parents can apply at the child care site and at multiple sites operated by the local department of social services or the local Smart Start partnership.

***(Action Step 4.5) - Offer non-conventional hours of operation for eligibility offices and provide toll-free phone lines to include evening and weekend hours.***

**2003 Response:**

No change.

**2002 Response:**

No change.

**2001 Response:**

Some county departments of social services offer extended hours. The Division of Child Development encourages this, but it is a local decision.

***(Action Step 4.6) - Explore presumptive eligibility or otherwise provide immediate eligibility contingent upon final approval.***

**2003 Response:**

No change.

**2002 Response:**

In North Carolina, families who apply for child care assistance are provided immediate assistance when the determination is made that the family is eligible. Additionally, when a family applies, they have 30 days to provide documentation and once the income is verified, the child is eligible the date the application was signed. If funding is not available, families are placed on a county's waiting list after a short eligibility screening is completed. Counties are required to purge their child care subsidy waiting lists at least every six months, so that information on families seeking assistance will be current when funds become available for services. Families are able to come in for eligibility redetermination up to 45 days before the eligibility ending date.

**2001 Response:**

As of October 2001, counties are required to purge their child care subsidy waiting lists at least every six months, so that information on families seeking assistance will be current when funds become available for services.

***(Action Step 4.7) - Eliminate requirements for a face-to-face interview both for initial application and for redetermination.***

**2003 Response:**

North Carolina allows families to complete applications and redeterminations by mail or to have a family representative apply for the family if coming into the office poses a hardship to the recipient. Some local departments of social service agencies also allow staff to make off site or home visits to complete applications and redeterminations but this is a local decision.

**2002 Response:**

North Carolina allows families to complete applications and redeterminations by mail or to have a family representative apply for the family if coming into the office presents a hardship to the recipient.

**2001 Response:**

(Already doing)

***(Action Step 4.8) - Provide consultation on making appropriate choices when excessive requests for provider changes are filed.***

**2003 Response:**

No changes.

**2002 Response:**

Child care social workers help families to better understand their child care needs by providing consultation services on appropriate choices. If there are several requests for changes in providers, social workers explore the family's circumstances to try to determine the cause of the frequent changes.

**2001 Response:**

We already do this.

***(Action Step 4.9) - Establish a 12-month redetermination period where there are no changes in income or job status.***

**2003 Response:**

North Carolina establishes a 12-month eligibility period for recipients. However, recipients are required to report changes in situation, which could affect their eligibility status.

**2002 Response:**

No change.

**2001 Response:**

We already do this.

***(Action Step 4.10) - Continue eligibility for full subsidy for 12 weeks if family loses employment but can document that a job search is underway.***

**2003 Response:**

Subsidy services are provided to support job search in the following situations:

1. Families who are receiving Work First benefits (NC TANF Program) can receive child care to support job search activities for 12 weeks.
2. Families who are receiving subsidy services and lose their employment can receive child care to support their job search for up to 8 weeks.

**2002 Response:**

North Carolina does this in the following situations:

1. Families who are receiving Work First benefits (NC TANF Program) can receive child care to support job search activities for 12 weeks.
2. Non-Work First families who are receiving subsidy services and lose their employment can receive child care to support their job search for up to 8 weeks.

**2001 Response:**

North Carolina already does this. This statement does not apply to all cases, however. The 12 weeks could apply to a Work First (North Carolina's TANF program) family, but non-Work First families would be limited to 8 weeks.

**Goal 5: Establish a Coordinated, Seamless Eligibility System So That Funding Sources Are Invisible to Families and Support Continuity of Child Care.**

***(Action Step 5.1) - Eliminate the need for families to reapply when eligibility categories change by automatically searching to exhaust all eligibility categories before closing cases.***

**2003 Response:**

No change.

**2002 Response:**

In North Carolina, funding sources are basically invisible to families and county agencies because funds are blended at the state level. When a family's situation changes, the family must notify the child care social worker, but they do not have to reapply for separate funding. There are some situations in which Smart Start (state) funds are visible to the family. This occurs when the eligibility criteria is expanded beyond the state criteria.

**2001 Response:**

North Carolina is already doing this. Funds are blended at the state level so that it is invisible to county agencies and parents.

***(Action Step 5.2) - Explore the potential for policy and procedural changes to achieve linkages with or combined applications for child care assistance, Head Start, Pre-K and Title I.***

**2003 Response:**

The Division of Child Development has worked closely with the More at Four program to maximize the use of available subsidy funding. More at Four is a community-based, voluntary pre-kindergarten initiative designed to prepare at-risk four-year-olds in North Carolina for success in school. Representatives from both agencies worked together to develop specific guidelines to address the use of subsidy funding in those programs. The established guidelines allow payment for a portion of the program service day and/or wraparound services. Local purchasing agencies handle eligibility determinations for the families participating in the More at Four program who also need subsidy assistance.

**2002 Response:**

Smart Start local partnerships collaborate with Head Start programs and preschool programs in the public schools to maximize services. Federal CCDF funds are used to pay for wraparound services in Head Start, public school Pre-k, and Title I programs. Local purchasing agencies handle eligibility determinations for the families which need wraparound services.

**2001 Response:**

Smart Start collaborates with Head Start and 4-year-old programs in the public schools to maximize services. Federal CCDF funds are used to pay for wraparound child care in Head Start programs.

***(Action Step 5.3) - Continue eligibility in programs with multiple funding sources to assure continuity of care in the event that eligibility has expired or terminated in one program.***

**2003 Response:**

This is not an issue in North Carolina, as multiple funds are blended at the state level offering a seamless program to families and local agencies. Both the state and federal funds are allocated by the North Carolina Division of Child Development to county departments of social services.

**2002 Response:**

This is not an issue in North Carolina, as multiple funds are blended at the state level offering a seamless program to families and local agencies. Both the state and federal funds are administered by the NC Division of Child Development.

**2001 Response:**

This is not an issue, as multiple funds are blended and seamless.

***(Action Step 5.4) - Work collaboratively with all public and private programs and funding sources to assure that children receive stable and consistent early child care services.***

**2003 Response:**

In 2002, the North Carolina Department of Public Instruction (DPI) established a Preschool Standards Committee comprised of a group of early childhood educators and experts representing various agencies such as the Division of Child Development (DCD), the North Carolina Partnership for Children (NCPC), Head Start and More at Four, as well as parents for the purpose of developing early learning standards for use in public school preschools. The standards will align with the state's kindergarten educational standards and the Committee is striving to make the guidelines applicable to all early childhood settings.

**2002 Response:**

North Carolina already does this through collaboration with More at Four, the NC Department of Public Instruction and Head Start. The Memorandum of Understanding (MOU) between the NC Department of Public Instruction (DPI) and the NC Department of Health and Human Services requires all preschool education and subsidized school-age programs operated by DPI to meet minimum health and safety standards. Additionally, 82% of licensed providers accept children whose services are paid for with subsidized child care funds.

**2001 Response:**

North Carolina already does this.

**Goal 6: Establish Customer Service Outcome Goals and Set Standards to Ensure that All Families are Treated With Dignity and Respect and Are Served in an Efficient Manner.**

***(Action Step 6.1) - Provide professional and well-trained eligibility staff who are culturally and linguistically sensitive.***

**2003 Response:**

This is the expectation of North Carolina's state supervised and locally administered Subsidized Child Care Program. Staff from the Division of Child Development provides technical assistance to local agency staff to keep agencies abreast of program policies and procedures. Also as previously noted, there are a number of counties with staff who are bilingual and bicultural.

**2002 Response:**

This is the expectation of North Carolina's state supervised and locally administered Subsidized Child Care Program. Staff from the Division of Child Development provides technical assistance to local agency staff. A recent survey was completed which notes the number of county staff who are bilingual and bicultural.

**2001 Response:**

N/A – local agency administration.

***(Action Step 6.2) - Facilitate quick eligibility determination through reasonable caseloads and/or administrative structure.***

**2003 Response:**

No change.

**2002 Response:**

Although this is a local agency's administration function, it is encouraged by the NC Division of Child Development. The determination of eligibility must be completed within 30 days. The Division also provides federal funds to help counties pay staff costs to support reasonable caseloads.

**2001 Response:**

N/A – local agency administration.

***(Action Step 6.3) - Conduct periodic, independent and thorough consumer satisfaction assessments, assuring the confidentiality of information collected.***

**2003 Response:**

No change.

**2002 Response:**

Some counties conduct periodic satisfaction surveys, but it is not done statewide. In addition, the Division staff contact parents during the annual 10-12 fiscal monitoring visits to county Department of Social Service agencies to determine customer satisfaction.

**2001 Response:**

N/A – local agency administration. Some counties conduct periodic satisfaction surveys, but it is not done statewide.

***(Action Step 6.4) - Provide adequate support for child care resource and referral services.***

**2003 Response:**

North Carolina provided the same level of funding to child care resource and referral agencies in 2002-2003 as was provided in 2001-2002. In addition, the Division continues to provide technical assistance to the child care resource and referral agencies.

**2002 Response:**

NC expanded funds for child care resource and referral agencies in 2001 and 2002. In addition, the Division provides technical assistance to the child care resource and referral agencies.

**2001 Response:**

NC expanded funds for child care resource and referral agencies in 2000 and 2001.

**Goal 7: Design the Subsidy System So That Rate Structures Assure That Families Receiving Child Care Assistance Have Access to All Types of Child Care and Disallow Charges Above Established Co-Payments.**

*(Action Step 7.1) - States should cap reimbursement rates at no less than the 75th percentile based on a market rate survey conducted every two years that accurately reflects the price of all types of care in communities across the state.*

**2003 Response:**

No change. Results of the most recent survey resulted in a 1-3% market rate increase for some providers. The newly increased market rates became effective April 1, 2003.

**2002 Response:**

NC establishes market rates at the 75<sup>th</sup> percentile and offers a tiered reimbursement system, which supports the payment of higher subsidy rates to providers earning a 2-5 star rated license. Providers are paid the rate charged to private paying parents or the market rate, whichever is less. A market rate study is completed in NC every two years for centers and homes. Results of the survey that was completed in 2000 are being reanalyzed to consider the creation of regional market rates.

**2001 Response:**

A new market rate study was completed in NC in 2000. Results showed that in many cases, providers were charging rates below the market rates currently in effect.

*(Action Step 7.2) - Establish and evaluate reimbursement policies that encourage provider participation and are responsive to family needs.*

**2003 Response:**

The Subsidy Advisory Committee that we are establishing comprised of child care providers and advocates and a representative of the North Carolina Director's Association will discuss payment policies.

**2002 Response:**

The Market Rate Advisory Committee that included providers, advocates, and local purchasing agencies continues to meet and make recommendations for payment policies.

**2001 Response:**

A Market Rate Advisory Committee that included providers, advocates, and local purchasing agencies met in 2000-01 to make recommendations for payment policies.

***(Action Step 7.3) - Prohibit providers from charging above the established co-payments.***

**2003 Response:**

North Carolina's current policy does not prohibit providers from charging above established co-payments.

**2002 Response:**

North Carolina does not prohibit providers from charging above established co-payments due to the concern about limiting parental choice.

**2001 Response:**

N/A

**Goal 8: Create Partnerships With Employers to Expand Child Care Assistance for Working Families.**

***(Action Step 8.1) - Educate employers about the bottom line benefits associated with public and private child care assistance.***

**2003 Response:**

Efforts continue at the local level in support of this action step. A recent example of the recognition of the importance of child care assistance by the business sector was the donation of \$100,000 by the North Carolina Bankers Association. The donated funds will be used to help offset the cost of extended child care for families of deployed military troops through the Family Service Support Centers on North Carolina bases.

**2002 Response:**

In some areas, local purchasing agencies and local Smart Start partnerships are working with employers to address the benefits of assisting with the cost of child care. For example, First Union gives all of its employees in NC four hours per month to volunteer in local Smart Start supported centers, as part of the company's Reading First program. After employees volunteer, they donate the books they read to Smart Start centers. In Caldwell County, Bernhardt Industries and Duke Endowment have announced that they will make a grant to Smart Start over the next five years to support the building and operation of a child care center in that area. The child care center will be in a section of the county with many needs, including the lack of adequate affordable care for young children.

**2001 Response:**

N/A

***(Action Step 8.2) - Enlist business leaders to champion the involvement of southern businesses and to serve as mentors to other businesses.***

**2003 Response:**

No change.

**2002 Response:**

Some of the local Smart Start partnerships actually have a component of their program that addresses this issue. For example, in 1998, the Forsyth Early Childhood Partnership developed a Lunch and Learn/Work and Life component of their program to discuss work and life issues with employers. The program holds round table discussions with employers yearly, which are generated as the need arises. Other activities include surveys and meetings with individual employers to provide input about the implementation of work/life issues and programs within the workplace. The Forsyth Early Childhood Partnership employs a Business Outreach Specialist to help coordinate these activities.

**2001 Response:**

N/A

***(Action Step 8.3) - Provide information to employers on all available tax benefits related to child care assistance, including deductions for donations to tax-exempt child care organizations, capital costs for constructing a child care center and establishing a pre-tax dependent care assistance plan.***

**2003 Response:**

No change.

**2002 Response:**

Some of the local Smart Start partnerships either provide information or give referrals to other organizations and resources where this information is located.

**2001 Response:**

N/A

***(Action Step 8.4) - Facilitate collaborative initiatives that enable employers to share ideas as well as pool their resources to address child care needs.***

**2003 Response:**

No change.

**2002 Response:**

In some areas, local purchasing agencies and local Smart Start partnerships have collaborated with businesses to address child care needs in their community.

**2001 Response:**

N/A

***(Action Step 8.5) - Provide matching funds or other tax or financial incentives for employers to invest in child care.***

**2003 Response:**

No action taken.

**2002 Response:**

N/A

**2001 Response:**

N/A

***(Action Step 8.6) - Establish incentives for employers to create child care benefit programs for their employees or to contribute to child care purchasing pools in their state or community.***

**2003 Response:**

No change.

**2002 Response:**

In some areas, local purchasing agencies and local Smart Start partnerships have collaborated with local businesses to contribute to child care purchasing pools in their community. For example, in new Hanover County, the local Smart Start partnership created a “Share the Care” program where businesses donate scholarship funds to pay for children on the waiting list.

**2001 Response:**

N/A

***(Action Step 8.7) - Reduce the administrative burden on employers participating in any joint public/private child care assistance program.***

**2003 Response:**

No change.

**2002 Response:**

Local purchasing agencies that have collaborated with businesses in their community have addressed the administration of any joint public/private child care assistance program.

**2001 Response:**

N/A

**Goal 9: Provide Child Care Assistance to Working Families Through Federal and State Tax Laws.**

***(Action Step 9.1) - Make the federal child dependent care tax credit refundable.***

**2003 Response:**

Not applicable to states.

**2002 Response:**

N/A

**2001 Response:**

N/A

***(Action Step 9.2) - Establish refundable child and dependent care tax credits in states with income taxes.***

**2003 Response:**

No change.

**2002 Response:**

In NC, if an individual claims an income tax credit and dependent care expenses on his/her federal return, he/she may also claim a tax credit for these expenses on the NC return. The credit will either increase the refund or decrease the taxes owed.

**2001 Response:**

N/A

***(Action Step 9.3) - Raise federal and state child care tax credit expense limits to accurately reflect the price of quality care.***

**2003 Response:**

No action taken.

**2002 Response:**

N/A

**2001 Response:**

N/A

***(Action Step 9.4) - Index for inflation the state and federal child and dependent care tax credit income eligibility and expense limits.***

**2003 Response:**

No action taken.

**2002 Response:**

N/A

**2001 Response:**

N/A

***(Action Step 9.5) - Ensure that child and dependent care tax credits are clearly identified and easy to claim by filers using either the short or long form.***

**2003 Response:**

Residents of North Carolina can obtain tax related information and forms by visiting the NC Department of Revenue website at [www.dor.state.nc.us/taxes/individual/](http://www.dor.state.nc.us/taxes/individual/).

**2002 Response:**

N/A

**2001 Response:**

N/A

***(Action Step 9.6) - Encourage the use of effective state tax strategies to provide financial support for child care.***

**2003 Response:**

Two new state earned income tax bills have been proposed during the 2003 legislative session and are currently under review.

**2002 Response:**

No change.

**2001 Response:**

A state earned income tax credit was proposed in the 2001 legislative session, but has not passed as of this date.

**Goal 10: States Should Have Effective, Coordinated Systems to Guide Child Care and Early Childhood Policy Decisions and Direct Use of Resources.**

***(Action Step 10.1) - Facilitate greater coordination in eligibility policies across child care and early childhood education programs at state and local levels.***

**2003 Response:**

No change.

**2002 Response:**

Policy decisions are coordinated by the Division of Child Development with the North Carolina Directors of Social Services Association Day Care Committee, by establishing workgroups to evaluate the impact of proposed policy changes. The Division also coordinates eligibility policies through workgroups with early childhood education programs and partners in NC such as the NC Partnership for Children (Smart Start), More at Four, and Head Start. More at Four is the state's new community-based, voluntary pre-kindergarten initiative designed to prepare at-risk four-year-olds in NC for success in school.

**2001 Response:**

N/A

***(Action Step 10.2) - All southern states and the District of Columbia should participate in a collaborative effort to develop and collect common data elements across states.***

**2003 Response:**

No action taken.

**2002 Response:**

N/A

**2001 Response:**

N/A