

I. CHAPTER OVERVIEW

Using a combination of state and federal funds, North Carolina provides subsidized child care services to a large number of eligible families. This chapter provides a general profile of child care services and the Subsidized Child Care (SCC) Program.

II. WHY SUBSIDIZED CHILD CARE SERVICES ARE IMPORTANT

In North Carolina, two-thirds of mothers with children under age six are in the workforce. The need for affordable child care is an economic necessity for this state. In addition, nearly 20% of North Carolina's children under age five (5) live in poverty. Many of these families are coping with multiple risk factors that reduce the chances of long-term healthy development of children and that can have long lasting negative consequences on a child's ability to learn. Studies that followed children from their preschool years to adulthood have found that receiving a high-quality early childhood education significantly improved the scholastic success and educational attainments of children of low income families. The provision of subsidized child care services means that families with poverty level incomes can afford child care services which offer a quality early childhood education and therefore, will increase the chances for children to be healthy and succeed socially and academically.

Welfare reform also increased the likelihood that more children will need child care at an early age. For many working families, the provision of subsidized child care services provides the additional financial support they need and therefore, serves as a welfare prevention service. Additional support regarding the importance of subsidized child care services is provided by research that has shown working parents were more likely to be successful in their job training programs or in their jobs when their children were in child care arrangements that were safe, high quality and dependable.

In addition, the provision of subsidized child care services is critical for many families who are experiencing a crisis or need the intervention offered through child protective services. Parents who are coping with an illness or a problem that interferes with their ability to be an effective parent often need the support offered for their children in a child care arrangement. The provision of child care services in these instances offers stability and educational opportunities for the children and serves as a means of keeping families together in times of crisis.

Refer to the [Division of Child Development's](#) (DCD) website for more information.

III. GOALS OF THE SUBSIDIZED CHILD CARE PROGRAM

- A. Enable parents to maintain or seek employment in order to support their family and achieve economic independence.
- B. Provide child care to children receiving protective services.
- C. Enable parents to participate in job training or educational programs that will lead to their employment.
- D. Provide child care to children in need of early intervention to enhance their development.
- E. Facilitate the reunification of families, aid families in crisis, and prevent foster care.

IV. DEFINITION OF CHILD CARE

Subsidized child care services provides for the protection, care and developmental experiences for children ages birth through 17, for a portion of a day but less than twenty-four hours. Care may be provided in the child's own home, in the home of a caregiver, or in a child care facility. Each type of care arrangement must be licensed or meet all applicable DCD requirements for the type of arrangement.

The local purchasing agency (LPA) which administers the Subsidized Child Care Program should provide information to families and the community about what constitutes a good child care experience for a child as well as assist eligible families with the cost of child care services according to state policies. Child care services should include the provision of facilities and the essentials of daily living, a daily program of care, educational and recreational activities, remedial care and services appropriate to the age and developmental level of the child, and health supervision. Transportation may also be included as a component of services.

NOTE: Although child care licenses in North Carolina typically only extend through age 12, children 13 through age 17 may receive subsidized child care in facilities or homes under certain circumstances. For further information, refer to [Chapter 4: Application, Eligibility Determination and Documentation](#). (The LPA should verify that providers are authorized to provide care for children over age 12 before approving subsidy payment.)

V. WHO MAY RECEIVE SUBSIDIZED CHILD CARE SERVICES

The goals previously listed are also reasons that subsidized child care services can be provided to families. Parents, foster parents or the adult responsible for the care of the child must apply for subsidized child care services. In some cases, a worker designated by the county director of social services can apply for services

for the child (refer to [Chapters 4: Application, Eligibility Determination and Documentation](#) & [5: Establishing Need and a Plan of Care](#) for more information). Parents usually apply for child care services at the county department of social services. In some counties, another agency is designated as the LPA such as a child care resource and referral agency. Families must be income eligible to receive child care services with exceptions as described in [Chapter 5: Establishing Need and a Plan of Care](#).

VI. HISTORY OF NORTH CAROLINA CHILD CARE AND THE SUBSIDIZED CHILD CARE PROGRAM

Federal support for child care came into being in the 1930's when President Franklin Roosevelt authorized emergency nursery schools to provide work for adults on relief and to serve children of families with low incomes. In 1935, Title V of the Social Security Act authorized grants-in-aid to public welfare agencies for child services which included child care and research in child care. In 1936, the Works Progress Administration for child care authorized money to provide jobs for women during the Depression. The Farm Security Administration built child care centers for the children of migratory farm workers. In 1943, the Lantham Act provided money for child care for the children of mothers employed in the war effort. When the federal funding was no longer available, many of the child care centers that were opened during the war were closed.

In 1962, Title IV-B of the Social Security Act provided child welfare services that included child care. In 1964, Project Head Start under the Economic Opportunity Act recognized the inequalities of opportunities among preschool children and organized programs which were similar to nursery schools but would compensate for opportunities that poor children did not have.

North Carolina has maintained a program to subsidize the cost of child care services for eligible families since 1964. First administered by the Department of Public Welfare, the program used Title IV-B and IV-A funds primarily for child care for children in Aid to Families with Dependent Children (AFDC) households needing child welfare services. In 1968, the Subsidized Child Care Program was expanded through the federally legislated Work Incentive program which provided funds to pay for child care for current recipients of AFDC who were employed or in training and participating in the Work Incentive program.

At the same time, child care was provided for eligible families who were former recipients of AFDC or who were potential recipients of AFDC. Federal Interagency Day Care Requirements were enacted and payment for services was limited to facilities which met these very strict requirements. Providers voluntarily chose to do this under the guidance of the Department of Public Welfare, which later became the Division of Social Services.

In July of 1971, North Carolina enacted a mandatory licensing law for child care facilities. The new legislation replaced the voluntary licensing program administered by the Department of Public Welfare. The law, which became effective on January 1, 1972, was an attempt to systematically license all child care facilities in the state under minimum standards for health and safety as well as provide the framework through which child care programs could upgrade their services for children and parents. The licensing program was administered by the Department of Administration, Office of Child Day Care Licensing.

When Title XX of the Social Security Act was implemented in 1975, subsidized child care became available to low-income families who needed this service regardless of their eligibility for other sources of public assistance. Two parent families were eligible based on their income.

In 1979, the General Assembly made the first appropriation of state funds to provide child care services for low-income families (although state money had previously been used to provide matching funds as required by federal regulations). In that same year, the administration of the Subsidized Child Care Program was moved from the Division of Social Services to the Division of Plans and Operations, Child Day Care Section. In 1982, this office was renamed the Office of Day Care Services and reported directly to the Secretary of the Department of Human Resources. The Office of Day Care Services had the responsibility for administering the child care subsidy program, then known as the Purchase of Care program.

In 1985, the General Assembly enacted legislation which significantly raised the requirements for licensure. In addition, the Office of Day Care Services, which administered the Subsidized Child Care Program, and the Office of Day Care Licensing, which administered the Day Care Regulatory Program, were consolidated into the Child Day Care Section in the Division of Facility Services in the Department of Human Resources.

In the same legislative session, separate regulations for participating in the Purchase of Care program were eliminated. Most facilities meeting the North Carolina Licensing Law requirements could be approved for subsidized child care which greatly expanded the availability of options for parents to the private sector. The law also created the new Child Day Care Commission and empowered it to develop the rules and procedures to implement the law's provisions. The Child Day Care Section was charged with the responsibilities for administering the licensure of centers and registration of child care homes, for providing a program of public and provider education regarding child care, for managing the Purchase of Care Program, and for investigating reports of abuse or neglect in child care arrangements and taking appropriate action in such cases. The law also continued the policy of providing a special class of license (known as the AA license) to centers that voluntarily met higher standards established by the North Carolina Child Care Commission.

Federal programs dramatically increased the size and scope of subsidized child care in North Carolina, beginning with the Title IV-A Family Support Act (FSA) implemented in 1990. FSA guaranteed child care for certain AFDC recipients to support their employment and/or education. Working families that became ineligible for AFDC received Transitional Child Care for up to one year after termination of AFDC benefits. Title IV-A At-Risk child care funds followed in 1991 to pay for child care assistance for parents who would be at risk of welfare dependency without such help to work. The Child Care and Development Block Grant (CCDBG) became available in 1991 to pay for child care services as well as state-approved initiatives to improve the quality and availability of child care.

In 1993, the General Assembly removed the Child Day Care Section from the Division of Facility Services and created a new Division of Child Development in the Department of Human Resources. In addition to its original responsibilities, the Division provided funding for a variety of early childhood initiatives, including child care resource and referral services and Head Start Wrap-Around.

In 1993, the General Assembly also approved legislation which created Smart Start, an initiative to provide the preschool children of North Carolina and their families with access to affordable, high quality early childhood education and family support services. Smart Start funding is now available in all 100 counties. Counties are required to use at least 30% of their Smart Start direct services allocation for approved child care subsidy related activities.

In 1995, as North Carolina moved ahead with statewide welfare reform efforts, the focus of the AFDC Program was changed with the implementation of the Work First Program. Work First focuses on employment and economic self-sufficiency and requires parents to be employed or in job training within 12 weeks. The provision of child care services is critical to the success of the program and families becoming self-sufficient. In 1996 at the federal level, the AFDC program was repealed and replaced with [Temporary Assistance for Needy Families \(TANF\)](#). The federal legislation that created the TANF Program allowed states to transfer unspent TANF funds to the Child Care and Development Fund to provide additional support for families as they move from welfare to work.

In 1996, the Child Care and Development Fund was established when Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) consolidated the former Title IV-A At-Risk and Family Support Act child care funding with the Child Care and Development Block Grant. The Child Care and Development Fund (CCDF) is a capped block grant for child care services.

The CCDF funds are now combined with Social Services Block Grant (SSBG), TANF funds and state funding to make up the child care subsidy allocations to counties. No county match is required. A portion of the allocation may be used

for services support, i.e., staff for the child care program. In addition, counties must set aside part of their allocation for children with special needs.

In 1998, the Department of Human Resources became the Department of Health and Human Services (DHHS) due to a reorganization effort to bring health and human service agencies together in one Department. The Division of Child Development is one of the divisions in the Department.

In March 2010, DHHS introduced a new initiative entitled DHHS Excels. The goal of Excels is to work across divisions and programs to manage resources more effectively and efficiently. This creates a seamless service delivery system that is customer focused, anticipatory, collaborative, transparent, and achievement focused. To support this initiative, applicants determined income eligible to receive means-tested benefits through the Food and Nutrition Services Program for which income eligibility is at or below 200% of federal poverty level are deemed income eligible for subsidized child care. The deeming of income eligibility for child care services through the Food and Nutrition Services Program became effective July 1, 2010.