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*promoting professionalism, communication and involvement
on behalf of providers of child care and early education*

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Position Paper on Child Care Subsidy

Background on the Child Care Subsidy Program:

- Child Care Subsidy has been a vital service to low-income, working families for many years.
- Child Care Subsidy existed before Smart Start, More at Four, or the Star Rated License.
- Families contribute a percentage of their own money toward the cost of their child care.
- Subsidy helps parents maintain jobs.
- Subsidy gives parents the right to choose the best child care program for their child.
- Subsidy provides care for children who might otherwise be in unlicensed, unsafe environments.
- Subsidy is administered through the Subsidy Section at DHHS and funds are passed down to local DSS offices for distribution to providers.
- Additional Subsidy dollars flow through Smart Start. Some local partnerships add a quality enhancement or bonus amount to rates paid for children in four- and five-star centers.

Position:

- The NC Licensed Child Care Association supports Child Care Subsidy and sees it as a vital priority for providers and families.
- We oppose any “per child” decrease in funding to child care subsidy.
- We oppose any total dollar decrease in funding to child care subsidy, based on the 2010-2011 allocations by the General Assembly.
- We support the most efficient process for administering subsidy, with the lowest overhead cost.
- We support a system where subsidy funding flows as efficiently as possible, allowing more dollars to go into direct services to children and families.
- We support a state subsidy investment level that will pull down the maximum federal child care dollars possible.

Background on Payment (Market) Rates: NC is required to conduct a study of the cost of care every two years, but there is no mandate to implement the findings through market rate adjustments. The current market rate being paid to child care providers is insufficient for a large majority of age ranges in higher star facilities, and does not fully cover the cost of care.

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