

CHILD CARE SUBSIDIES ARE AN INVESTMENT IN NORTH CAROLINA'S ECONOMY AND FAMILIES

Child care subsidy helps low-income families afford early childhood education and care for young children. It is based on family income and size. Most parents contribute a co-pay amount, often paying a percentage of their income. The funds for subsidy come from both state (35%) and federal (65%) sources.

HOW DOES CHILD CARE SUBSIDY WORK IN NORTH CAROLINA?

North Carolina's Subsidized Child Care Program integrates the strengths of multiple agencies to ensure children's needs are best met. In many counties across the state, Departments of Social Service and local Smart Start Partnerships work together, tapping DSS's history of serving low-income families and Smart Start's record of ensuring high quality early childhood education and care.

A bad idea . . .

Unfortunately, the association that represents North Carolina's Directors of Social Services is proposing to dismantle a system that works well to ensure children from low-income families have access to quality child care. Going against everything that science tells us that young children need to thrive, succeed in school, and become productive adults; the NCADSS recommends that the state forgo quality for quantity and pay child care providers lower than market rate fees. **The proposal:**

Forgoes quality for quantity.

"The science of child development tells us that significant variations in the quality of early care and education programs have the potential to produce lasting repercussions for both children and society as a whole. Evidence points to the beneficial impacts at the highest end of the quality spectrum and to detrimental impacts at the lowest end." *A Science-Based Framework for Early Childhood Policy*

Hurts small businesses.

Like many small businesses, child care centers—a once thriving industry for the state, generating substantial tax revenue—are fighting to survive. If forced to take lower than market rate payments for families receiving subsidy, child care businesses will either refuse to accept such children, or will be forced to close their doors as they won't be able to cover the cost of care.

Takes away jobs.

The business community relies on the child care industry to have a dependable and productive work force. Job creation depends on parents having access to quality care so they can work, and paying providers fairly so they can offer services and employ teachers.

Takes away local control.

Departments of Social Services have to follow a single, state-imposed policy. Smart Start partnerships have the ability to respond to needs identified by the community.

Holds down wages.

Current subsidy rates do not come close to covering the actual cost of care. The average subsidy payment in November 2009 was \$377.05. With the only increases in subsidy payments over the past several years being tied to cost of living and minimum wage increases, the majority of child care workers only earn a minimum wage.

Risks NC's future.

Today's children are our future leaders, parents and workers. Our state's prosperity depends on their healthy development and growth. The key to ensuring healthy development and growth is quality early childhood experiences.



HOW DOES SMART START CONTRIBUTE TO CHILD CARE SUBSIDY?

To ensure that children from low-income families have access to high quality care, Smart Start puts more than 30 percent of its funding into the subsidy system. **Smart Start subsidy:**

Ensures children are in higher quality care.

Children receiving Smart Start subsidy are in higher quality programs compared to other subsidy funding sources.

Improves workforce conditions.

Smart Start provides enhanced payments for higher quality care, allowing child care providers to decrease child/staff ratios, pay better wages and provide benefits for their staff.

Supports and stabilizes small businesses across North Carolina.

Smart Start subsidy helps child care centers remain viable. North Carolina's child care industry supported more than 47,000 jobs in 2008.

Leverages additional money for the state.

Smart Start funds are leveraged at the local level to bring in new community services, such as matching funds for the Nurse Family Partnership home visiting program and Early Head Start.

Provides flexibility, particularly critical during a recession.

Flexibility allows a community collaborative to better respond to the unique needs of families within their community. Smart Start subsidy may:

- » Extend child care to more families for longer periods of time.
- » Pay for parents in school to receive subsidy beyond the state's time limit.
- » Provide care for children whose parents are seeking employment.

Is based on local control.

Local Smart Start partnership boards have representatives from the local community, including business, early childhood providers, parents, religious community, public education, health care providers, and many other community leaders.

WHAT CAN YOU DO?

The North Carolina Association of County Directors of Social Services (NCACDSS) submitted their proposal as recommendations to the Joint Legislative Task Force on the Consolidation of Early Childhood Education and Care. Let your elected officials know that this proposal does not adhere to principles outlined by the General Assembly, which include:

- » Ensure high quality programs.
- » Ensure core functions remain intact.
- » Maintain the strengths and effectiveness of each program.
- » Promote a seamless delivery of services from birth through kindergarten.

