A BILL TO BE ENTITLED
AN ACT TO INCREASE CHILD CARE SUBSIDY RATES TO THOSE IN THE 2021 MARKET RATE STUDY, WITH AUTOMATIC INCREASES UPON COMPLETION OF SUBSEQUENT NEW STUDIES, TO IMPLEMENT TEMPORARY MARKET RATE INCREASES, AND TO APPROPRIATE FUNDS FOR THOSE PURPOSES.
The General Assembly of North Carolina enacts:

SECTION 1.(a) Beginning October 1, 2023, the Department of Health and Human Services, Division of Child Development and Early Education, shall increase the child care subsidy market rates to the seventy-fifth percentile as recommended by the 2021 Child Care Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes. Whenever new rates are recommended in subsequent market rate studies, the Division shall automatically increase the child care subsidy rates to the seventy-fifth percentile of those recommended rates beginning July 1 of the next fiscal year.

SECTION 1.(b) There is appropriated from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of twenty-four million dollars ($24,000,000) in recurring funds for the 2024-2025 fiscal year to implement the market rate increases set forth in subsection (a) of this section.

SECTION 1.(c) Section 9L.2(b)(1)a. of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74, reads as rewritten:

> "a.   A minimum of two hundred six million dollars ($206,000,000) but no more than two hundred fifteen million dollars ($215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds to ~~temporarily~~ increase the child care subsidy reimbursement rates to those recommended in the ~~2018~~ 2021 Child Care Market Rate Study ~~until the funds expire on September 30, 2024.~~through the end of the 2023-2024 fiscal year or until funds are exhausted, whichever occurs first."

SECTION 2.(a) Beginning October 1, 2023, provisions of payment rates for child care providers in counties that have a county rate below the State rate for center-based and home-based care are as follows:

>   (1)   Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the seventy-fifth percentile statewide market rate as recommended

1   by the 2021 Child Care Market Rate Study for children birth through 5 years
2   of age for licensed child care centers and homes.
3   (2)   If it can be demonstrated that the application of the statewide rate to a county
4   with fewer than 50 children in each age group is lower than the county market
5   rate and would inhibit the ability of the county to purchase child care for
6   low-income children, then the county market rate may be applied.
7   **SECTION 2.(b)** There is appropriated from the General Fund to the Department of
8 Health and Human Services, Division of Child Development and Early Education, the sum of
9 fourteen million dollars ($14,000,000) in recurring funds for the 2023-2024 fiscal year and the
10 sum of eighty-five million dollars ($85,000,000) in recurring funds for the 2024-2025 fiscal year
11 to implement the temporary market rate increases set forth in subsection (a) of this section.
12   **SECTION 3.** It is the intent of the General Assembly to use a portion of the
13 anticipated increase in funds to the Child Care and Development Fund Block Grant to supplement
14 funding for the child care market rate increases described in this act.
15   **SECTION 4.** This act becomes effective July 1, 2023.