



FY 2015-16 and FY 2016-17 House and Senate Budget Proposals

Table 1. Highlights proposed changes to child care subsidy. It includes previous policy for context.

Table 2. Highlights select proposals that impact early learning for children birth through eight.

Table 1: Child Care Subsidy

	Prior to 2014	Enacted in 2014 by the General Assembly	Included in the FY 2015-16 House Budget Proposal Money Report Special Provisions	Included in the FY 2015-16 Senate Budget Proposal Money Report Special Provisions
Income Eligibility	75% of state median income for all children birth – 13.	Birth – 5: 200% of Federal Poverty Level Ages 6 – 13: 133% of Federal Poverty Level	Birth – third grade: 200% of Federal Poverty Level Fourth grade – age 12: 133% of Federal Poverty Level <i>Page 107, Special Provisions</i>	No changes. Keeps existing criteria enacted in 2014. Birth – 5: 200% of Federal Poverty Level Ages 6 – 13: 133% of Federal Poverty Level <i>Page 136, Special Provisions</i>
Pro-rating	Co-payments pro-rated as follows: 32+ hours = 100% of the fee 18-31 hours = 75% of the fee <17 hours = 50% of the fee	Co-payment is not pro-rated for partial day attendance	Co-payments shall be prorated for part-time care based on policies that were in place prior to October 1, 2014. <i>Page 107, Special Provisions</i>	No changes. Continues to prohibit pro-rated co-payment for partial day attendance. <i>Page 136, Special Provisions</i>

<p>Definition of 'family income unit'</p>	<p>Prior to 2014, the definition was determined in policy as opposed to legislation.</p> <p>The term 'income unit' shall apply to persons who reside in the same household and who, according to North Carolina law, are responsible for the financial support of the child whose eligibility for child care services is being determined.</p> <p>Responsible adults are defined as:</p> <ul style="list-style-type: none"> • Parent or responsible adult with whom the child lives and has primary responsibility for the care and well-being of the child. • The child may live with an adult who is responsible, but not financially obligated to support the child (i.e. stepparent or grandparent who has custody). Legal custody does not by itself terminate parental rights, and therefore does not divest parents of financial obligation to their child. An adoption or 	<p>The definition of income unit has been changed to include the following:</p> <ul style="list-style-type: none"> • A stepparent and stepparent's child, if applicable; and • A nonparent relative caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child receiving subsidized child care does not live in the home with the child. 	<p>Revises child care subsidy policy to exclude from the policy's definition of "income unit" a nonparent relative caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child receiving child care subsidy does not live in the home with the child.</p> <p><i>Page 107, Special Provisions</i></p>	<p>Same as House Proposal.</p> <p><i>Page 136, Special Provisions</i></p>
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	<p>termination of parental rights must happen for divestment to occur.</p> <ul style="list-style-type: none">• If both parents (biological or adoptive) live in the same household, they are both members of the income unit.• When parents share custody, the parent pays the corresponding fee for the time the period of time the child resides in the home.			
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Table 2: Select Birth-to-Eight Provisions in the Budget Proposals

		Included in the FY 2015-16 House Budget Proposal Money Report Special Provisions	Included in the FY 2015-16 Senate Budget Proposal Money Report Special Provisions
Early Childhood System	Program Merger	<p>Directs the Joint Legislative Oversight Committee on Health and Human Services to appoint a subcommittee to study early childhood and family support programs and develop a proposal for a statewide plan. The subcommittee must submit a report on the proposed statewide plan by April 1, 2016.</p> <p><i>Page 113, Special Provisions</i></p>	<p>Directs the Program Evaluation Division to contract with a third party to develop a plan for merging Smart Start, NC PreK, and Child Care Subsidies. The plan is required to be completed by March 1, 2016 and is funded with \$300,000.</p> <p><i>Page G-6 Money Report</i> <i>Page 142, Special Provisions</i></p>
Nurse Family Partnership	Funding	<p>Increases funding by \$900,000 on a recurring basis, bringing total funds to \$1.4 million.</p> <p><i>Page G-9 Money Report</i></p>	<p>Same as House Proposal.</p> <p><i>Page G-12 Money Report</i></p>
Smart Start	State Oversight	No changes.	<p>Limits costs for central administration to 3.25%.</p> <p><i>Page 140, Special Provisions</i></p>
	Local Partnership Infrastructure Support	No changes.	<p>Restricts the administrative costs for Smart Start local partnerships from a statewide average of 8% to 7.75% in FY 2015-16 and 7.5% in FY 2016-17.</p> <p><i>Page 140, Special Provisions</i></p>
	Matching Funds	No changes.	<p>Raises the amount that Smart Start Local Partnerships must raise in matching funds to 17% (12% cash and 5% in-kind) in FY 2015-16 and to 19% (13% cash and 6% in-kind) in FY 2016- 17.</p> <p><i>Page 141, Special Provisions</i></p>

Child Care Subsidy	Market Rate	No changes.	Provides \$4.2 million in FY 2015-16 and \$5 million in FY 2016-17 on a recurring basis to increase child care subsidy reimbursement rates for children ages birth through two attending 3-, 4-, and 5-star centers and homes in Tier 1 and Tier 2 Counties. <i>Page G-6, Money Report Page 136, Special Provisions</i>
	Funding Source	Replaces \$4.5 million State General Funds with federal TANF funding. <i>Page G-5 Money Report</i>	Replaces \$5.2 million of State General Funds with federal TANF funding. <i>Page G-6, Money Report</i>
NC PreK	Funding Amount	Provides an additional \$2.3 million in State General Funds and \$2.7 million in Lottery Funds on a recurring basis making permanent the expansion authorized by the Governor in FY 2014-15. <i>Page G-5, Money Report</i>	Provides \$2.3 million in recurring funds. This replaces a \$5 million nonrecurring expansion authorized by the Governor in FY 2014-15, resulting in \$2.7 million less for NC PreK than in FY 2014-15. <i>Page G-6, Money Report</i>
	Funding Source	Replaces \$11.3 million of State General Funds with federal TANF funds in FY 2015-16 and replaces \$6.8 million in FY 2016-17. <i>Page G-5, Money Report</i>	Replaces \$16.9 million of State General Funds with federal TANF funding. <i>Page G-6, Money Report</i>
Public Schools	Class Size	No changes.	In FY 2015-16, reduces class size in kindergarten through third grade by one student per teacher. In FY 2016-17, reduces class size in first through third grades by two students per teacher and by one student per teacher in kindergarten. <i>Page F-3, Money Report Page 87, Special Provisions</i>

	<p>Teacher Salary</p>	<p>Provides a 2% increase in all tiers of the salary schedule, increases starting teacher pay from \$33,000 to \$35,000 per year, provides an experience-based step increase for all eligible teachers. Funds are also provided to ensure that all educators are paid at least 2% more than their FY 2014-15 compensation.</p> <p><i>Page F-1, Money Report</i> <i>Page 64, Special Provisions</i></p>	<p>Provides funds to increase starting teacher pay from \$33,000 to \$35,000 per year, provides an experience-based step increase for all eligible teachers, and ensures all teachers are paid at least the same salary they received in 2014-15.</p> <p><i>Page F-1, Money Report</i> <i>Page 92, Special Provisions</i></p>
	<p>Textbooks</p>	<p>Increases funding for textbooks and digital resources by \$43.5 million on a recurring basis and an additional \$4.8 million in FY 2015-16 on a non-recurring basis.</p> <p><i>Page F-3, Money Report</i></p>	<p>Increases funding for textbooks and digital resources by \$29 million on a recurring basis.</p> <p><i>Page F-3, Money Report</i></p>
	<p>Teacher Assistants</p>	<p>Replaces \$88.9 million in lottery funding with State General Funds on a recurring basis.</p> <p><i>Page F-3, Money Report</i></p>	<p>Eliminates 5,289 teacher assistants in FY 2016 and 8,592 in FY 2017.</p> <p><i>Page F-2, Money Report</i></p>
	<p>State Oversight</p>	<p>No changes.</p>	<p>Reduces funding for DPI by 10% on a recurring basis.</p> <p><i>Page F-4, Money Report</i></p>