

This Legislative Session, policymakers should appropriate federal and state dollars to ensure that quality child care is accessible to more children and working families. By funding more child care subsidy slots and extending eligibility with a phased-in co-payment to reduce a benefits cliff, working families will be able to get back to work knowing that their children's education and healthy development is being supported.

We recommend that policymakers:

- Appropriate \$250 million in American Rescue Plan dollars and \$250 million in General Fund dollars in each year of the next biennium to ensure the state is matching the federal commitment made to child-care assistance;
- Remove the parent co-payment requirement for working families with incomes under 200 percent of the federal poverty level as these families face significant cost barriers to affording child care; and
- Establish a phase-in of the parent co-payment for working families between 200 and 300 percent of the federal poverty level to reduce the benefits cliff.

A strong and stable child-care system is essential to North Carolina's recovery from COVID-19. Working parents returning to jobs need to have accessible and affordable educational opportunities for their children. Children need stable and high-quality learning environments that support their healthy development.

North Carolina needs to expand access to child care assistance for children and families.

There are over 187,000 children aged 0 to 5 who are eligible but do not receive child care assistance. With families facing income losses during COVID-19 and stagnant wages for years before that, the high cost of child care can prevent children from getting high-quality early education that prepares them for future success in school, work, and life.

Current design of child care assistance eligibility creates a benefit cliffs for working families as their earnings increase.

In North Carolina, as working parents earn more income, they lose access to child care assistance abruptly once their earnings reach 85% of the state median income. This reduces families' overall financial security despite their increased earnings. Legislation can address this so-called "benefits cliff" by extending eligibility for children already enrolled in child care assistance to families earning up to 300 percent of the federal poverty level. With a phased-in copayment, as a working family's income increases above 200 percent of the federal poverty level, the share of income that they contribute to child care costs increases as well.

Many working parents aren't able to return to work without quality childcare.

During the COVID-19 pandemic women have left the labor force in large numbers, and they have been far more likely than men to not work due to childcare reasons, according to data from the US Census Bureau Household Pulse Survey.¹ For North Carolina's recovery to be just and sustained, the state needs a greater public investment that ensures childcare is accessible and affordable.

¹ <https://www.ncjustice.org/publications/womens-jobs-disproportionately-impacted-by-child-care-during-covid-19/>

Table 1: Children ages 0-5 served by subsidy in Feb. 2021 and estimated eligible children ages 0-5 by county

County	Eligible children	Children Served	Percent served
Alamance	4356	707	16%
Alexander	904	158	17%
Alleghany	209	53	25%
Anson	591	177	30%
Ashe	473	136	29%
Avery	263	50	19%
Beaufort	1249	377	30%
Bertie	397	69	17%
Bladen	744	136	18%
Brunswick	2073	523	25%
Buncombe	3838	967	25%
Burke	2139	380	18%
Cabarrus	4122	467	11%
Caldwell	1761	374	21%
Camden	104	10	10%
Carteret	1054	150	14%
Caswell	470	92	20%
Catawba	3687	680	18%
Chatham	985	176	18%
Cherokee	495	110	22%
Chowan	151	42	28%
Clay	239	39	16%
Cleveland	2681	206	8%
Columbus	1437	177	12%
Craven	1978	340	17%
Cumberland	10775	1524	14%
Currituck	352	35	10%
Dare	675	75	11%
Davidson	3979	493	12%
Davie	910	119	13%
Duplin	2030	299	15%
Durham	8134	1552	19%
Edgecombe	1600	239	15%
Forsyth	9370	1269	14%
Franklin	1304	301	23%
Gaston	5392	740	14%
Gates	98	17	17%
Graham	168	25	15%
Granville	984	275	28%
Greene	668	109	16%
Guilford	12832	1939	15%
Halifax	1716	292	17%
Harnett	3031	308	10%
Haywood	1217	359	29%
Henderson	1743	312	18%
Hertford	641	128	20%
Hoke	1539	217	14%
Hyde	103	2	2%
Iredell	3279	521	16%
Jackson	801	180	22%
Johnston	4887	626	13%

County	Eligible children	Children Served	Percent served
Jones	214	58	27%
Lee	1688	206	12%
Lenoir	2010	258	13%
Lincoln	1521	273	18%
Macon	682	229	34%
Madison	259	58	23%
Martin	644	71	11%
McDowell	888	163	18%
Mecklenburg	22998	3841	17%
Mitchell	200	55	27%
Montgomery	726	83	11%
Moore	1552	366	24%
Nash	2119	303	14%
New Hanover	3534	779	22%
Northampton	491	80	16%
Onslow	5203	668	13%
Orange	1717	427	25%
Pamlico	145	39	27%
Pasquotank	855	125	15%
Pender	1514	239	16%
Perquimans	158	42	27%
Person	1114	189	17%
Pitt	4422	804	18%
Polk	339	43	13%
Randolph	3349	511	15%
Richmond	1659	216	13%
Robeson	4259	847	20%
Rockingham	2300	376	16%
Rowan	3164	625	20%
Rutherford	1620	281	17%
Sampson	2206	308	14%
Scotland	1287	211	16%
Stanly	1697	172	10%
Stokes	725	106	15%
Surry	1591	304	19%
Swain	495	79	16%
Transylvania	673	151	22%
Tyrrell	87	13	15%
Union	3269	369	11%
Vance	1716	337	20%
Wake	16264	3585	22%
Warren	457	127	28%
Washington	355	131	37%
Watauga	625	70	11%
Wayne	3488	464	13%
Wilkes	1458	234	16%
Wilson	2504	402	16%
Yadkin	657	58	9%
Yancey	346	46	13%
Total	225872	37976	17%

Source: DCDEE March 2021 Subsidy Expenditure Reports and 2015-2019 American Community Survey, Tables B17024 and B23008