

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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SENATE BILL 822

Short Title: Child Care Omnibus. (Public)

Sponsors: Senators Smith, Grafstein, and Batch (Primary Sponsors).

Referred to: Rules and Operations of the Senate

May 6, 2024

A BILL TO BE ENTITLED
AN ACT TO INCREASE THE CHILD TAX DEDUCTION AMOUNT, TO CREATE THE
CHILD CARE STABILIZATION FUND TO ASSIST IN STABILIZING THE CHILD
CARE WORKFORCE AND ENSURE ACCESS TO QUALITY CHILD CARE, TO
ESTABLISH THE CHILD CARE PROVIDER SUPPORT PROGRAM TO OFFER
FINANCIAL ASSISTANCE TO CHILD CARE PROVIDERS IN THIS STATE, AND TO
APPROPRIATE FUNDS FOR THOSE PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INCREASE CHILD TAX DEDUCTION AMOUNT

SECTION 1.1. G.S. 105-153.5(a1) reads as rewritten:

"(a1) Child Deduction Amount. – A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a deduction under this subsection for each qualifying child for whom the taxpayer is allowed the federal tax credit. The amount of the deduction is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:

Filing Status	Agi	Deduction Amount
Married, filing jointly/ surviving spouse	Up to \$40,000	\$3,000 <u>\$3,600</u>
	Over \$40,000	
	Up to \$60,000	2,500 <u>3,000</u>
	Over \$60,000	
	Up to \$80,000	2,000 <u>2,400</u>
	Over \$80,000	
	Up to \$100,000	1,500 <u>1,800</u>
	Over \$100,000	
	Up to \$120,000	1,000 <u>1,200</u>
	Over \$120,000	
Head of Household	Up to \$140,000	500.00 <u>600.00</u>
	Over \$140,000	0
	Up to \$30,000	\$3,000 <u>\$3,600</u>
	Over \$30,000	
	Up to \$45,000	2,500 <u>3,000</u>
	Over \$45,000	
	Up to \$60,000	2,000 <u>2,400</u>
	Over \$60,000	
	Up to \$75,000	1,500 <u>1,800</u>



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1		Over \$75,000	
2		Up to \$90,000	1,000 1,200
3		Over \$90,000	
4		Up to \$105,000	500.00 600.00
5		Over \$105,000	0
6	Single	Up to \$20,000	\$3,000 \$3,600
7		Over \$20,000	
8		Up to \$30,000	2,500 3,000
9		Over \$30,000	
10		Up to \$40,000	2,000 2,400
11		Over \$40,000	
12		Up to \$50,000	1,500 1,800
13		Over \$50,000	
14		Up to \$60,000	1,000 1,200
15		Over \$60,000	
16		Up to \$70,000	500.00 600.00
17		Over \$70,000	0
18	Married, filing separately	Up to \$20,000	\$3,000 \$3,600
19		Over \$20,000	
20		Up to \$30,000	2,500 3,000
21		Over \$30,000	
22		Up to \$40,000	2,000 2,400
23		Over \$40,000	
24		Up to \$50,000	1,500 1,800
25		Over \$50,000	
26		Up to \$60,000	1,000 1,200
27		Over \$60,000	
28		Up to \$70,000	500.00 600.00
29		Over \$70,000	0."

30 **SECTION 1.2.** This Part is effective for taxable years beginning on or after January
31 1, 2024.

32 **PART II. CHILD CARE STABILIZATION**

33 **SECTION 2.1.** Article 3 of Chapter 143B of the General Statutes is amended by
34 adding a new Part to read:

35 "Part 10D. Child Care Stabilization.

36 "§ 143B-168.40. Findings and purpose.

37 (a) The General Assembly finds that affordable, accessible, and high-quality child care
38 is crucial to the well-being of North Carolina's children and families.

39 (b) The purpose of this Part is to stabilize the child care sector, enhance workforce
40 support for child care professionals, and ensure access to quality early childhood education for
41 all families in North Carolina.

42 "§ 143B-168.41. Child Care Stabilization Fund.

43 (a) There is established the Child Care Stabilization Fund (Fund) within the Department
44 of Health and Human Services. The Fund shall be used to provide financial assistance to child
45 care facilities with a focus on supporting low-income families and enhancing wages of child care
46 providers in this State.

47 (b) The Department of Health and Human Services, Division of Child Development and
48 Early Education, shall administer grants from the Fund to eligible child care facilities to stabilize
49 their operations, improve infrastructure, and enhance the quality of services provided. To be
50

eligible for grants under this section, a child care facility shall meet one of the following requirements:

- (1) Hold a license or be regulated under a Notice of Compliance by the Division of Child Development and Early Education on or before March 11, 2021.
- (2) Hold a current license or a Notice of Compliance by the Division of Child Development and Early Education and be eligible to participate in the State Subsidized Child Care Assistance program.

"§ 143B-168.42. Workforce support and professional development.

(a) The Department of Health and Human Services, Division of Child Development and Early Education, in collaboration with the Department of Public Instruction, shall develop and implement initiatives to support the professional development of child care providers. These initiatives may include training programs, scholarships, and career advancement opportunities.

(b) Child care facilities receiving grants from the Child Care Stabilization Fund established under G.S. 143B-168.41 shall allocate a portion of the funds to increase wages for child care providers, with a focus on addressing wage disparities and promoting workforce retention.

"§ 143B-168.43. Quality early childhood education.

Recognizing the importance of quality early childhood education in preparing a child for future success, the Department of Health and Human Services, Division of Child Development and Early Education, in consultation with educational experts, shall develop guidelines and standards to ensure that child care facilities supported by the Child Care Stabilization Fund under G.S. 143B-168.41 provide a high-quality early childhood education experience.

"§ 143B-168.44. Reporting and accountability.

The Department of Health and Human Services shall submit a report by December 1 of each year to the General Assembly detailing the use of the Child Care Stabilization Fund, the impact on child care facilities and providers, and any recommendations for program improvement."

SECTION 2.2.(a) 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 one hundred eighty million dollars (\$180,000,000) in recurring funds for the 2024-2025 fiscal year to provide continued funding for child care stabilization grants consistent with similar grants distributed in accordance with Section 3.2(a) of S.L. 2021-25.

SECTION 2.2.(b) This section becomes effective July 1, 2024.

PART III. CHILD CARE PROVIDER SUPPORT PROGRAM

SECTION 3.1.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall establish the Child Care Provider Support Program (Program) to provide financial assistance to child care providers in this State. Child care providers, regardless of household income, shall be eligible for free child care services for their own children while actively employed in a licensed child care facility in North Carolina. The Division shall allocate funds to cover the costs of child care services for children of child care providers, ensuring accessibility and affordability for the workforce. The Division shall collaborate with licensed child care facilities to implement and monitor the Program.

SECTION 3.1.(b) The Division of Child Development and Early Education shall, within one year of its implementation, submit a report to the General Assembly detailing the impact and effectiveness of the Child Care Provider Support Program (Program) established under this section. The report shall include the number of child care providers benefiting from the Program, the financial implications in sustaining the Program, and any recommendations for improvements or adjustments.

SECTION 3.2. 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 ten million dollars (\$10,000,000) in recurring funds for the 2024-2025 fiscal year for the

1 implementation of the Child Care Provider Support Program established in Section 3.1 of this
2 Part.

3 **SECTION 3.3.** This Part becomes effective July 1, 2024.
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5 **PART IV. EFFECTIVE DATE**

6 **SECTION 4.1.** Except as otherwise provided, this act is effective when it becomes
7 law.