

# North Carolina Early Childhood Education Funding Streams Overview

DECEMBER 2025

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# INTRODUCTION

Early childhood education is a growing priority for policymakers at all levels of government. In North Carolina, early childhood services are currently financed and delivered through a combination of federal, state, local, and private sources, resulting in a complex network of governmental agencies, private organizations, and community-based providers. Understanding the current funding landscape can provide a foundation for identifying future directions for strategic improvements and system-wide efficiencies.

This report provides a detailed map of North Carolina’s current early childhood education (ECE) financing infrastructure by profiling the major statewide funding streams and programs. In North Carolina, at least 7 federal and 4 state funding streams support 8 major ECE programs.

Funding Streams	Early Childhood Education Programs
<p><b>Federal</b></p> <ul style="list-style-type: none"> <li>• Child Care and Development Fund (CCDF)</li> <li>• Temporary Assistance for Needy Families (TANF)</li> <li>• Social Services Block Grant (SSBG)</li> <li>• Head Start</li> <li>• IDEA Section 619 Part B: Special Education Preschool Grants</li> <li>• IDEA Part C</li> <li>• Title I</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidized Child Care Assistance (SCCA) Program</li> <li>• Smart Start</li> <li>• Work First Family Assistance (WF)</li> <li>• North Carolina Infant-Toddler Program (NC ITP)</li> <li>• Early Childhood Exceptional Children (ECEC)</li> <li>• North Carolina Pre-Kindergarten (NC Pre-K)</li> <li>• Title I Preschool</li> <li>• Head Start (HS)</li> </ul>
<p><b>State</b></p> <ul style="list-style-type: none"> <li>• General Revenue Funds</li> <li>• NC Pre-K</li> <li>• Smart Start</li> <li>• Lottery Funds</li> </ul>	

This report also provides detailed narratives and visual representations of ECE funding governance structures in North Carolina. Funds for ECE programs flow from the federal government to state agencies and then to local organizations responsible for program operations and service delivery. At the federal level, the Departments of Health and Human Services (HHS) and Education administer the largest early education funding streams. With the exception of Head Start, federal early childhood funds in North Carolina are allocated to the Department of Health and Human Services and the Department of Public Instruction, which then distribute federal and state dollars to local agencies that operate ECE programs. The NC Partnership for Children (NCPC) oversees Smart Start, a major component of the state’s early childhood infrastructure. At the local level, multiple entities—including county Departments of Social Services (DSSs) and local education agencies (LEAs)—are responsible for implementing ECE programs, often funding many of the same providers to deliver services to families.

The following report has four major sections:

1. **Early Childhood Education Funding Streams Summary.** This section summarizes the main funding streams and visualizes how those funds flow through the early childhood education system.

2. ***Profiles of Early Childhood Education Programs.*** This section outlines each program’s purpose, eligibility criteria, governance structure, and funding mechanisms, particularly which funds are utilized and how they are distributed to the state and counties.
3. ***Local Infrastructure and Funding Distribution.*** This section summarizes the entities that comprise the regional and local early childhood infrastructure for delivering early childhood services.
4. ***Summary of Federal Trends.*** This section provides a high-level overview of the latest trends at the federal level and the potential implications for North Carolina.

Data in this report represents the most recent finance and program data available from public sources (FY2023 to FY2025). Understanding how funds flow and how those funds reach communities offers a critical opportunity to advance a more equitable and effective early childhood education system in North Carolina.



## GLOSSARY

### Table of acronyms

Acronym	Definition
CCDBG	Child Care and Development Block Grant
CCR&R	Child Care Resource & Referral
CSDAs	Children's Developmental Services Agencies
DPI	The North Carolina Department of Public Instruction
DSS	County Departments of Social Services
ECE	Early Childhood Education
ESSA	Elementary and Secondary Education Act
FPL	Federal Poverty Level
FRPL	Free or Reduced-Price Lunch
HHS	The U.S. Department of Health and Human Services
HSCO	Head Start Collaboration Office
IEP	Individualized Education Program
IFSP	Individualized Family Service Plan
LEA	Local Education Agencies
LPA	Local Purchasing Agencies
LRE	Least Restrictive Environment
MOE	Maintenance of Effort
MRS	Market Rate Survey
NC DCDEE	The North Carolina Division of Child Development and Early Education
NC DSS	The NC Department of Health and Human Services Division of Social Services
NC DHHS	The North Carolina Department of Health and Human Services
NCEIS	The North Carolina Early Intervention Section
NCPC	North Carolina Partnership for Children
OSEP	The U.S. Office of Special Education Programs
PSU	Public School Unit
QRIS	Quality Rating and Improvement System
SiMR	State-Identified Measurable Result
SMI	State Median Income
SSIP	State Systemic Improvement Plan

See the *Early Childhood Education Funding Streams Summary* below for acronyms related to funding. Program acronyms are defined at the top of each section.

## EARLY CHILDHOOD EDUCATION FUNDING STREAMS SUMMARY

This report focuses on the following core early childhood education funding streams:

Funding Stream	State/Federal	Summary of Funding Stream Purpose
<b>Child Care Development Fund (CCDF)</b>	Federal	Funds states, territories, and tribal entities to develop and <a href="#">implement a child care subsidy program</a> for low-income families with children under age 13 and improve the quality of child care available.
<b>Head Start</b>	Federal	Funds public and private organizations and tribal entities to deliver comprehensive early learning, health, nutrition, and family support services to children from birth through age five and pregnant women who are living in <a href="#">poverty</a> .
<b>Individuals with Disabilities Education (IDEA) Act, Part C</b>	Federal	IDEA Part C provides funding for <a href="#">early intervention services</a> to infants and toddlers with disabilities ages birth to three years. <a href="#">Formula grants</a> are based on the number of children birth to age 2 within the state or territory.
<b>Individuals with Disabilities Education (IDEA) Act, Part B 619</b>	Federal	Provides funding to states for special education services for children ages 3–5. All states currently mandate Part B, Section 619 services for children ages 3–5. These services are provided at no cost to families under the supervision of the <a href="#">education system</a> . IDEA, Part B has two grant programs; both allocate states and territories a base amount of funding according to historic allotments and then calculate additional funding based on other <a href="#">factors</a> .
<b>Social Services Block Grant (SSBG)</b>	Federal	SSBG is a <a href="#">formula grant</a> to states that provides a flexible funding stream to support a variety of social services for vulnerable children and adults. SSBG funds can be used for over 28 types of social services, including child care.
<b>Temporary Assistance for Needy Families (TANF)</b>	Federal	<a href="#">Block grants</a> provide states with funding to operate programs that help low-income families with children achieve economic self-sufficiency, including child care, state preschool, and other early education <a href="#">programs</a> .
<b>Title I</b>	Federal	<a href="#">Title I-A funds</a> are formula grants intended to support schools in serving students from low-income families. It comprises the largest source of federal funding for education. Schools and districts can choose to use their Title I-A funds to support early childhood education and the transition to kindergarten for eligible children, including through school-operated, district-operated, or other public or community-based programs.
<b>NC Pre-Kindergarten (NC Pre-K)</b>	State	<a href="#">NC Pre-K</a> state funding is allocated to support programming for eligible children four years of age; eligibility is determined by family income, military status, and/or a documented risk factor. The program provides high-quality educational services that support children’s overall development and success in school.

<b>Smart Start</b>	State	<a href="#">Smart Start</a> state funding is provided to support ECE infrastructure through a network of local partnerships managed by the North Carolina Partnership for Children, Inc. Funding can be used for a range of programs, including early care and education, family support, literacy, and the health and development of children ages 0-5.
<b>Lottery Funds</b>	State	Since 2006, North Carolina legislators have directed <a href="#">lottery funds</a> to support various education programs, including preschool, paying for the salaries of teachers and teacher assistants, and digital learning initiatives.

Some ECE programs utilize multiple funding streams, while others rely on one funding stream. The following table provides an overview of the interaction between funding streams and ECE programs. ECE programs in North Carolina are listed in the left column, and the funding streams they utilize are listed across the top row.

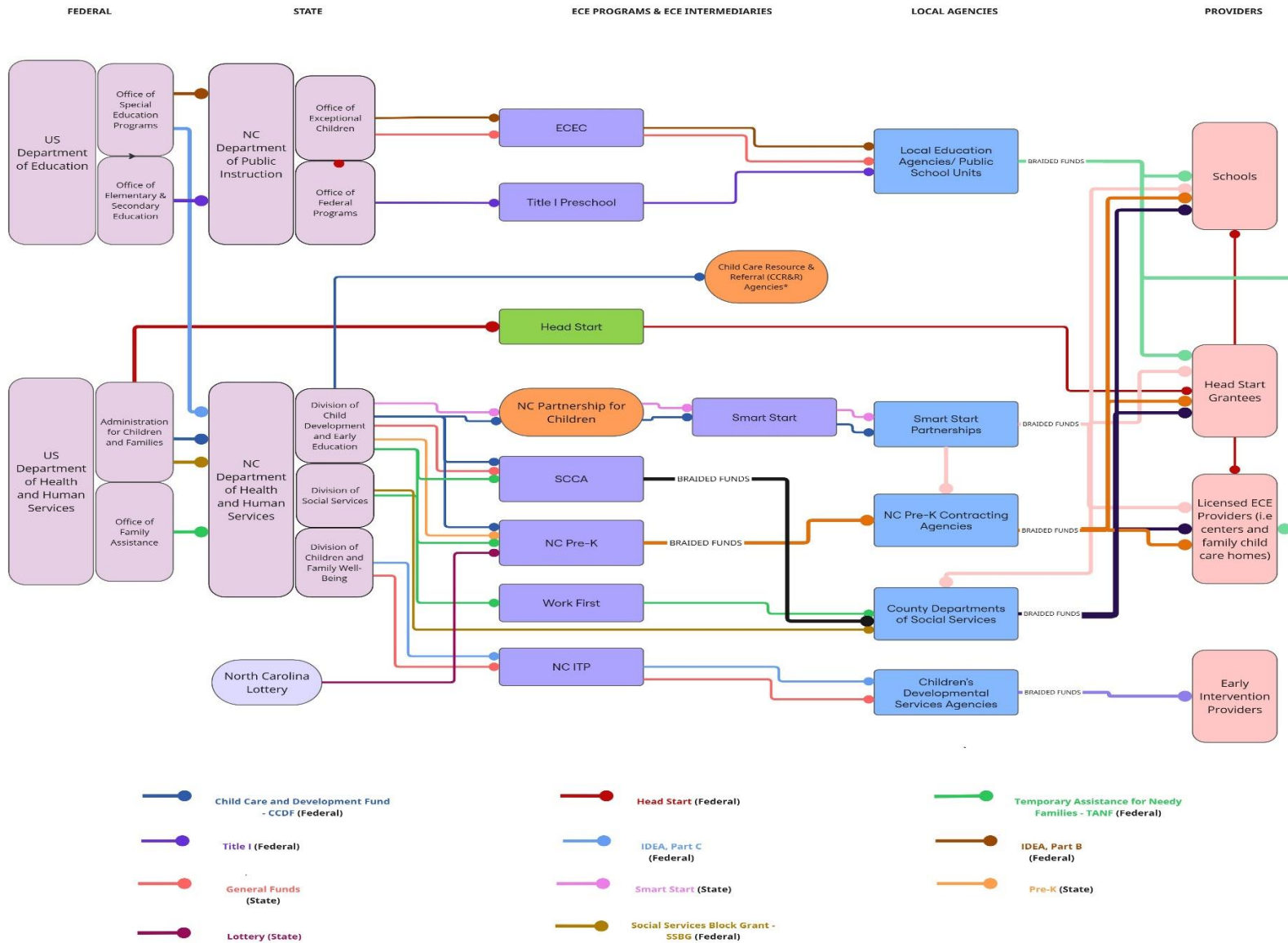
Programs	State Funds				Federal Funds							Other
	State General Funds	NC Pre-K	Lottery Funds	Smart Start	CCDF	TANF	SSBG	IDEA Part B 619	IDEA Part C	Title I	Head Start	Other
SCCA	X			X	X	X	X					
Smart Start				X	X							
Work First						X						
NC ITP-IDEA Part C	X								X			X
ECEC-IDEA Part B	X							X				
NC Pre-K		X	X		X	X						
Title I Preschool										X		
Head Start											X	

Note: The table above includes funding allocated via the state budget (with the exception of Head Start) and may exclude funding streams that are subsequently leveraged and braided for the ECE program at the local level.

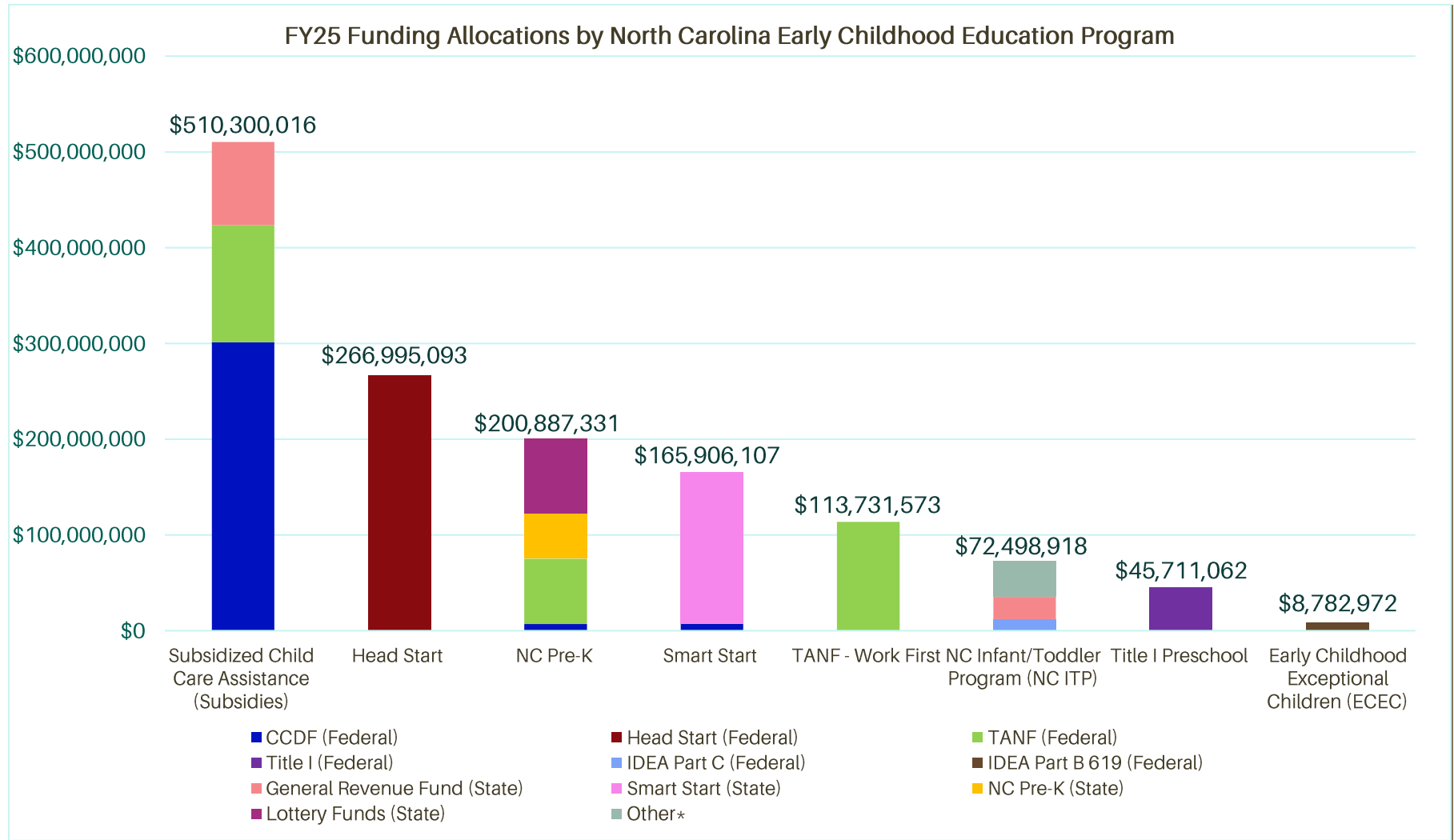
ECE programs collectively serve children ages 0-5. However, not all ages are eligible for all programs – the age eligibility by program is summarized in the table below:

Programs	Child Age					
	0	1	2	3	4	5
SCCA	X	X	X	X	X	X
Smart Start	X	X	X	X	X	X
Work First	X	X	X	X	X	X
NC ITP-IDEA Part C	X	X	X			
ECEC-IDEA Part B				X	X	X
NC Pre-K					X	
Title I Preschool				X	X	X
Head Start				X	X	X
Early Head Start	X	X	X			

# VISUALIZATION OF ECE FUNDING FLOW IN NORTH CAROLINA



## FUNDING AMOUNTS FOR ECE FUNDING STREAMS AND PROGRAMS



\*Other Funds are inclusive of Medicaid, sales services, and rental revenue sources outside the scope of this report.

\*\*Funding amounts for SSBG funds utilized for the SCCA program and state General Revenue funds utilized for the ECEC program were not confirmed in time for this report. In addition, NCITP funds represent amount listed in FY24-25 Certified budget but were not confirmed in time for this report.

## SUBSIDIZED CHILD CARE ASSISTANCE PROGRAM (SCCA)

Total FY25 Funding: \$581,373,286 (Total including Smart Start); \$510,300,016 (Non-Smart Start Total)<sup>1</sup>

### PROGRAM PURPOSE & DESCRIPTION

The Subsidized Child Care Assistance (SCCA) program helps eligible North Carolina families access child care, supporting parents' employment and economic independence, as well as providing learning opportunities for children. SCCA serves eligible children up to age 13 and, in special circumstances, such as those in protective services, up to age 18. SCCA can be used to access care in a mixed-delivery system of licensed facilities and approved home-based care.<sup>2</sup>

In FY25, 57,699 children accessed child care using SCCA in more than 5,300 licensed early childhood program settings.<sup>3</sup>

### ELIGIBILITY

SCCA can be provided to families, foster parents, or a responsible adult of a child who demonstrates a need for child care for one or more of the following reasons:

- To maintain employment or a Work First Employment Services (WFES) referral to seek employment (see Work First Family Assistance section below).
- To support Child Protective Services cases.
- To attend school or job-training activities that lead to employment.
- To meet the developmental needs of children.
- To support child welfare services cases.

The provision of SCCA for reasons other than those listed above can occur if other funds are available to the local agency. For example, a local Smart Start partnership that utilizes Smart Start funds can provide subsidies for reasons unique to the community (see Smart Start section below). Other program eligibility requirements include:

- Applicants must be at or below 200% of the federal poverty level (FPL) or eligible for Food and Nutrition Services.
- Applicants must be residents of the North Carolina county in which they apply.
- Eligible children must be U.S. citizens or legal U.S. non-citizens.
- Children aged 12 and under are generally eligible, while children aged 13 to 17 may qualify under special circumstances.<sup>4</sup>

Families experiencing homelessness receive priority access to services and a 30-day grace period to apply.<sup>5</sup>

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<sup>1</sup> [BD 307 Revised Report Child Development and Early Education](#) and data received via email from DCDEE

<sup>2</sup> [chapter-1-subsidized-child-care-assistance-4.pdf](#)

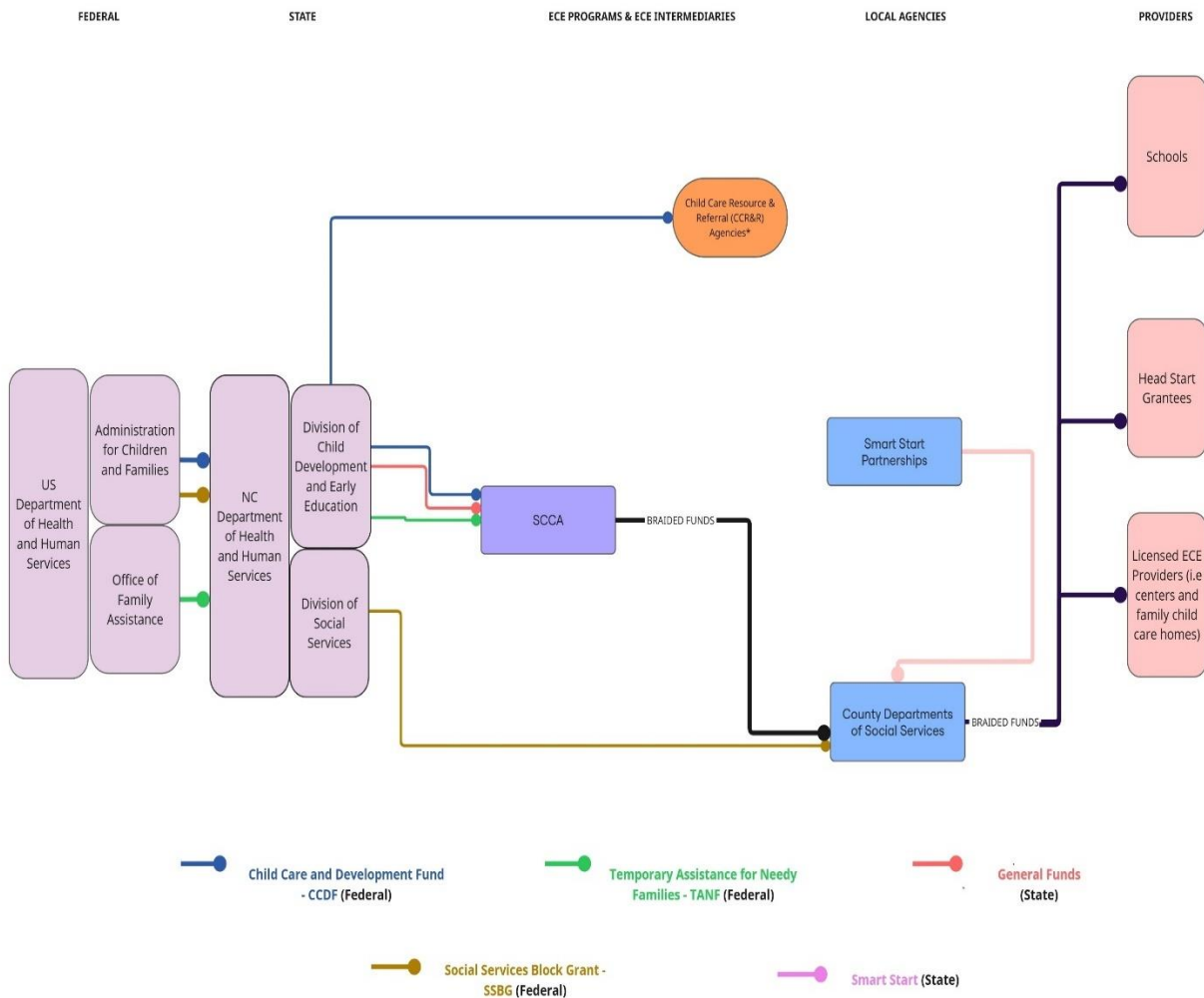
<sup>3</sup> [SFY 24-25 SCCA Statewide Fact Sheet.pdf](#) and [Inclusive of all licensed Family Child Care Homes \(FCCHs\) and Child Care Centers statistical\\_detail\\_report\\_february\\_2025.pdf](#)

<sup>4</sup> [BLACK-Chapter-4-Application-eligibility-determination-and-documentation-04.02.2025.pdf](#)

<sup>5</sup> [BLACK-Chapter-4-Application-eligibility-determination-and-documentation-04.02.2025.pdf](#)

## GOVERNANCE

- The U.S. Department of Health and Human Services (HHS) Administration for Children and Families administers federal funds (CCDF, TANF, and SSBG) and distributes them to states.
- The North Carolina Division of Child Development and Early Education (NC DCDEE) uses federal funds to administer the State Child Care Assistance (SCCA) program. Federal and state funds are braided at the state-level before being allocated to counties.
- DCDEE utilizes an allocation process to distribute braided funds annually to county Department of Social Services (DSS) or Local Purchasing Agencies (LPAs).<sup>6</sup>
- Smart Start partnerships may choose to allocate additional Smart Start funds to support SCCA.
- County DSSs or LPAs may also choose to use SSBG to fund child care.



<sup>6</sup> Chapter 02: Funding for Subsidized Child Care Services – NCDHHS Policies and Manuals

## FUNDING

SCCA is funded by several state and federal funding streams, which are appropriated and distributed to counties through an annual allocation process, as determined by the General Assembly. North Carolina utilizes two state funding streams and three federal funding streams for SCCA.

### STATE FUNDS

GRF Appropriations for SCCA:	FY25 Amount
FY25 State General Fund Allocation	<u>\$86,822,894</u> <sup>7</sup>
FY25 Smart Start Subsidy - General Fund <small>(*also reflected in Smart Start: may be used for a variety of subsidy programs)</small>	<u>\$63,680,616</u>

Sources linked in table.

#### GENERAL REVENUE FUNDS FOR SCCA

General revenue funds are appropriated annually by the North Carolina General Assembly for SCCA. This state funding is blended with federal funds to form unified county allocations.<sup>8</sup>

#### GENERAL REVENUE FUNDS FOR SMART START SUBSIDY

No less than 30% of Smart Start funding is spent on subsidies each year (see Smart Start section below).<sup>9</sup> As required by statute, each partnership must use at least 30% of its funding to expand child care subsidies. The 30% requirement can be met in several ways. For example, partnerships may choose to use this funding to serve eligible families on waiting lists, to pay for preschool or Head Start Wrap Around services, and to augment the subsidy payment rate per child by paying quality enhancement payments to providers with star ratings of 3-5, for children ages 0-5.<sup>10</sup> Smart Start funds can be used to provide SCCA to families for reasons other than those that would generally qualify for SCCA. In those cases, the reasons must be included in the local partnership's Smart Start Plan and be approved by the North Carolina Partnership for Children (NCPC). Smart Start funds can provide services only for preschool-age children.<sup>11</sup>

### FEDERAL FUNDS:

#### CHILD CARE AND DEVELOPMENT FUND (CCDF)

The Child Care and Development Fund (CCDF)—authorized by the Child Care and Development Block Grant (CCDBG) Act and administered by HHS—is the primary federal funding source for child care assistance and the main funding stream for SCCA. CCDF supports states, territories, and tribes in operating child care subsidy programs for low-income families.<sup>12</sup> In North Carolina, CCDF funding is used directly for SCCA and is also allocated to Smart Start, which uses some of those funds to support subsidies.

<sup>7</sup> Per DCDEE, this figure represents the original state GRF allocation for FY24-25. In the revised budget, an additional \$42,898,046 in non-recurring state funds was allocated in FY24-25 for the compensation grants portion of the child care stabilization grants.

<sup>8</sup> [chapter-2-funding-for-subsidized-child-care-assistance-7.pdf](#)

<sup>9</sup> [2017-Smart-Start-Legislation.pdf](#)

<sup>10</sup> [chapter-2-funding-for-subsidized-child-care-assistance-7.pdf](#)

<sup>11</sup> [Chapter-4-Application-eligibility-determination-and-documentation-04.02.2025-1.pdf](#)

<sup>12</sup> [The Child Care and Development Block Grant: In Brief | Congress.gov | Library of Congress](#)

CCDF includes three funding components: **mandatory funds**, a fixed federal allocation with no state maintenance of effort component; **matching funds**, which require state contributions equal to or greater than the federal share; and **discretionary funds**, which can be used to enhance quality, expand access (e.g., for children with special needs or after-school care), and support resource and referral services or agencies.

At least 70% of mandatory and matching funds must assist families receiving public assistance, transitioning off assistance, or at risk of dependency.<sup>13</sup>

While states must operate within federal CCDF requirements, they have flexibility to set policies, priorities, and eligibility standards. Every three years, each state’s lead agency – which for NC is DCDEE – must submit a CCDF Plan outlining how it will meet federal regulations and use funds.<sup>14</sup> In FY25, NC utilized CCDF for child care subsidy in the following ways:

CCDF Appropriations for SCCA:	FY25 Amount
FY25 CCDF Allocation - SCCA	<u>\$282,567,140</u> <sup>15</sup>
FY25 CCDF - Local Subsidized Child Care Support	<u>\$18,780,355</u>
FY25 Smart Start Subsidy - CCDF <small>(*also reflected in Smart Start; may be used for a variety of subsidy programs)</small>	<u>\$7,392,654</u>

Sources linked in table.

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#### TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The Temporary Assistance for Needy Families (TANF) federal block program supports states in designing and operating programs that help low-income families achieve self-sufficiency. In service of that goal, child care, state preschool, or other ECE programs are eligible uses of funds to support families in maintaining employment and/or pursuing education.<sup>16</sup>

The TANF program offers broad flexibility to states in determining eligibility rules and benefit allocations. States can allocate TANF directly or transfer up to 30% of this fund source to CCDF or up to 10% of their TANF funds to the Social Service Block Grant (SSBG). In North Carolina, the General Assembly transfers a portion of TANF funds to CCDF and SSBG, while also providing TANF allocations directly. In addition, local Department of Social Service (DSS) agencies that implement Work First may use portions of their County Block Grants for child care subsidy (see Work First Family Assistance program section). In FY25, NC leveraged approximately \$122 million in TANF for child care subsidies in the following ways:

TANF Appropriations for SCCA:	FY25 Amount
FY25 TANF - Swap-Child Care Subsidy	<u>\$12,600,000</u>
FY25 TANF Allocation	<u>\$52,316,626</u> <sup>17</sup>
FY25 TANF Transfer to CCDF	<u>\$21,773,001</u>
FY25 TANF Emergency Contingency Funds	<u>\$35,440,000</u>

Sources linked in table.

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<sup>13</sup> [Chapter 02: Funding for Subsidized Child Care Services – NCDHHS Policies and Manuals](#)

<sup>14</sup> [Child Care and Development Fund \(CCDF\) - Child Care Development Fund \(CCDF\)](#)

<sup>15</sup> S.L. 2024-40 reduced the original allocation to \$282,567,140 per email from DCDEE.

<sup>16</sup> [ABCs of Federal Funding 2025](#)

<sup>17</sup> S.L. 2024-40 increased the original allocation to \$52,316,626 per email from DCDEE.

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## SOCIAL SERVICES BLOCK GRANT (SSBG)

The SSBG is a federal formula grant that provides states with a flexible funding stream to support a variety of social services for vulnerable children and adults. SSBG funds 28 types of social services, including child care. There is no state-matching requirement for these funds, and states have flexibility to determine eligibility and choose which services to provide.<sup>18</sup> In North Carolina, a portion of SSBG funds is allocated to county DSSs, which may use a portion of those funds for child care subsidies.<sup>19</sup>

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## ALLOCATION

**Allocation to counties:** North Carolina uses a formula as outlined in statute to allocate SCCA funds to counties. To start, county needs are estimated by the number of children under age 11 with a parent or guardian whose income is below or at the federal poverty level (FPL) percentage. This estimate is then adjusted by subtracting 30% of the county's Smart Start program allocation (See Smart Start Program below).

Since the projected funding need has to date exceeded the funds appropriated for subsidies, North Carolina distributes a pro rata share of the subsidy funding to each county. The prorated shares are adjusted once more by a hold harmless factor that ensures each county's allocation is no less than 90% of its 2001-2002 initial Non-Smart Start Allocation before final distribution.

As required by federal law, DCDEE prioritizes vulnerable populations by calculating a minimum amount from each county's subsidy allocation that must be set aside for the care of families experiencing homelessness and for children with special needs.<sup>20</sup>

**Allocation to child care providers:** The amount that a child care provider receives from SCCA for each child served varies by program setting, child age, county, and program quality rating. Currently, there are approximately 4,500 different provider rates paid through SCCA.<sup>21</sup> To inform this rate setting, DCDEE is required, as part of the receipt of CCDF, to conduct a statistically valid and reliable Market Rate Survey (MRS) reflecting variations in the price that providers are charging families for child care services by geographic area, type of provider, and age of child every three years. Current SCCA rates are based on the 2021 MRS.<sup>22</sup>

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## DISTRIBUTION

As noted above, each of the 100 county DSSs or LPAs receives an annual allocation of SCCA. Counties must track program expenditures and may face adjustments or reductions if they overspend. DCDEE reallocates any unspent funds during the fiscal year to maximize use statewide.<sup>23</sup>

Families interested in receiving SCCA must apply through their local DSS or LPA. If more families apply than there is funding available, the DSS/LPA may create a waitlist; however, populations such as children who are homeless or children with special needs must be prioritized for services.<sup>24</sup>

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<sup>18</sup> [ncsl.org/state-federal/federal-funding-streams-for-child-care-and-early-childhood-education](https://ncsl.org/state-federal/federal-funding-streams-for-child-care-and-early-childhood-education)

<sup>19</sup> [Chapter 02: Funding for Subsidized Child Care Services - NCDHHS Policies and Manuals](#)

<sup>20</sup> [Chapter 02: Funding for Subsidized Child Care Services - NCDHHS Policies and Manuals](#)

<sup>21</sup> [Market Rates Centers Eff 10-1.pdf](#) and [Mkt Rates Homes\\_eff 10-1.pdf](#)

<sup>22</sup> [chapter-1-subsidized-child-care-assistance-4.pdf](#) and [May 22, 2002](#)

<sup>23</sup> [chapter-2-funding-for-subsidized-child-care-assistance-7.pdf](#)

<sup>24</sup> [Chapter 10-CN4-25-Local-Options-and-Waiting-List-Policies-RED.pdf](#)

## QUALITY, COMPLIANCE, AND OVERSIGHT

While states are granted certain flexibilities, federal law under CCDBG establishes health, safety, licensing, training, and oversight standards to which states must adhere to receive subsidy funding and improve the overall quality of child care services.<sup>25</sup> DCDEE staff conduct continuous monitoring related to local administration of the eligibility processes, child care provider attendance documentation, and billing.<sup>26</sup>

DCDEE also establishes a star-rated quality system to reflect the quality of child care programs, known as the Quality Rating and Improvement System (QRIS). All licensed facilities receive at least one star, and providers can receive higher star ratings from two to five stars based on considerations such as program standards and advanced staff education.<sup>27</sup>

### Number of Child Care Sites by Star Rating as of September 2025

Five Star	2,228
Four Star	1,327
Three Star	903
Two Star	78
One Star	185
Not Applicable*	501

*Includes license categories such as Provisional, Probationary, Temporary, and Summer Day Camp*

*Site numbers are inclusive of all licensed Family Child Care Homes and Child Care Centers; Data from [NC Early Care and Learning](#)*

DCDEE uses funds from CCDF to invest in initiatives to support providers in advancing their quality aligned to the QRIS (in FY25, NC appropriated approximately \$87.5M in CCDF for quality initiatives).<sup>28</sup> These initiatives include professional development and career pathways supports for educators, coaching and mentoring for providers, and compensation supports through programs like TEACH scholarships, WAGE\$, AWARD\$, and the state's child care stabilization grants. Additionally, CCDF quality funds are used for sustaining Child Care Resource & Referral (CCR&R), providing technical assistance, and supporting the development of data systems through the Early Education Integrated System.<sup>29</sup>

## SMART START

Total FY25 allocation: \$166 million<sup>30</sup>

### PROGRAM PURPOSE & DESCRIPTION

Created in 1993, Smart Start is a public-private network of organizations serving each county to implement comprehensive ECE services. The state invests both federal and state funds into the Smart Start network to provide early care and education, family support, literacy, and health solutions for

<sup>25</sup> [Child Care and Development Fund \(CCDF\) - Child Care Development Fund \(CCDF\)](#)

<sup>26</sup> [CARS 118 FFY2025-2027 CCDF Plan Print Template](#)

<sup>27</sup> [BLACK Chapter 12: Licensing Requirements, Non-Compliance and Sanctions.pdf](#)

<sup>28</sup> [SL 2024-40 \(SB 357\)](#)

<sup>29</sup> [Quality Progress Report FFY2024](#)

<sup>30</sup> <https://www.osbm.nc.gov/media/4324/open>

parents, teachers, and other caregivers for children ages 0 through 5.<sup>31</sup> Smart Start operates through 75 nonprofit organizations, called Local Partnerships that serve all 100 counties. Local Partnerships -- each led by a cross-sector board of parents and community members representing various parts of the child and family systems, and public and private sectors -- are responsible for coordinating county early childhood services and have the flexibility to invest their funds in the evidence-based and evidence-informed early childhood programs that best meet the needs of their community. The Smart Start Local Partners may also fund and administer other state, federal, and county services, such as NC Pre-K, child care subsidy, and Head Start.<sup>32</sup>

Smart Start is led by the North Carolina Partnership for Children (NCPC), which ensures fiscal and programmatic accountability, conducts comprehensive strategic planning for the Smart Start network, and provides technical assistance to the network to create better outcomes for children and families.<sup>33</sup>

## ELIGIBILITY

The Smart Start Network does not have a single set of eligibility criteria for families and young children, as the goal is for Smart Start to improve the lives of all NC's young children. Eligibility for programs (or "Smart Solutions") is determined by each Local Partnership based on community priorities or needs.<sup>34</sup> Eligibility may also depend on state regulations. For example:

- NC Pre-K funding has specified eligibility requirements (see Pre-K section below).
- Child Care Subsidy has specified eligibility requirements (see SCCA section above).
- Head Start has specified eligibility requirements (see Head Start section below).
- Parent education and home visiting programs may prioritize families with infants or low-income households, among other risk factors.
- ECE workforce programs (training, coaching, and supplemental compensation) focus on early childhood teachers and staff as determined by Local Partnerships and requests from ECE providers.<sup>35</sup>
- The NC Tri-Share Pilot Program, a public/private partnership launched for FY2023-24 and FY2024-25 to share the cost of child care equally between employers, eligible employees, and the state, has the following eligibility requirements for families:
  - Families must be employed by a participating business.
  - Families must have a household income between 185% and 300% of the federal poverty level.
  - Families are otherwise ineligible for other subsidized child care, exception: if the family is on a waiting list for other subsidized care.<sup>36</sup>

## GOVERNANCE

- The HHS, Administration for Children and Families, administers and distributes CCDF to states.
- The North Carolina General Assembly appropriates funding for the Smart Start program.

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<sup>31</sup> [About Smart Start | North Carolina Partnership for Children](#)

<sup>32</sup> [Annual Report | Smart Start - NC Partnership for Children](#)

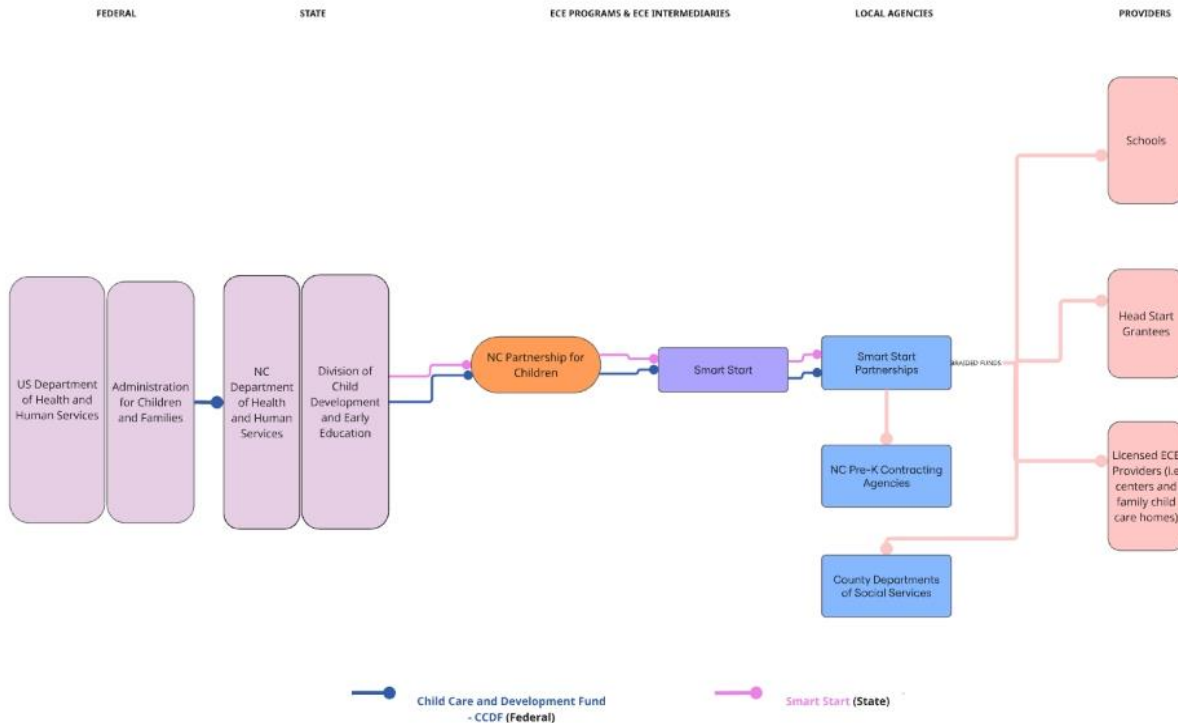
<sup>33</sup> [The North Carolina Partnership for Children, Inc. - Financial Statement Audit](#)

<sup>34</sup> [2023-2024 Highlights: Smart Start as the State's Early Childhood Infrastructure | Smart Start & The North Carolina Partnership for Children](#)

<sup>35</sup> [Raising The Quality Of Early Care And Education | Smart Start](#) and [2023-2024 Highlights: Smart Start as the State's Early Childhood Infrastructure | Smart Start & The North Carolina Partnership for Children](#)

<sup>36</sup> [Smart Start Will Implement Tri-Share Pilot Program](#)

- DCDEE distributes state and federal funds for Smart Start to the North Carolina Partnership for Children (NCPC) and collects annual programmatic data aligned with performance metrics.
- NCPC is charged with the administration and allocation of Smart Start funds, oversight, and monitoring. NCPC is also responsible for maintaining a need formula that reflects full funding.
- Each Local Partnership has a board of directors that makes decisions on how funds should be spent and which programs are implemented.<sup>37</sup>



## FUNDING

State general revenue funds and federal CCDF funds appropriated annually by the North Carolina General Assembly are the primary fund sources for Smart Start (see SCCA section for discussion of CCDF). In FY25, the following funding was appropriated for Smart Start:

FY25 Fund Sources	Appropriations
<b>State Funds</b>	
FY25 Smart Start Subsidy - General Fund	<u>\$63,680,616</u>
FY25 Smart Start - General Fund: 1162 Child care relative	<u>\$11,696,857</u>
FY25 Smart Start - General Fund 1271 family support	<u>\$8,500,000</u>
<b>Federal Funds</b>	
FY25 Smart Start Subsidy - CCDF	<u>\$7,392,654</u>
<b>Other</b>	

<sup>37</sup> [chapter-2-funding-for-subsidized-child-care-assistance-7.pdf](#) and [NCPC-2023-2024-AnnualReport-public-Final.pdf](#)

FY25 Smart Start -NGO NCPC Local Funds: 1271 family support	<a href="#">\$28,434,178</a>
FY25 Smart Start - NGO NCPC Local Funds: 14A0 health-related	<a href="#">\$5,527,584</a>
FY25 Smart Start - NGO NCPC Local Funds: 1162 Child care relative	<a href="#">\$40,674,218</a>

Sources linked in table.

In addition to the primary state and federal fund sources invested in the program, NCPC and Local Partnerships leveraged other federal, local, and private fund sources, totaling about \$63.3 million in SFY23-24.<sup>38</sup>

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## ALLOCATION

State and federal funds are appropriated through DCDEE and passed to NCPC to invest in capacity building, meet legislative requirements, and allocate to Local Partnerships. In FY24, NCPC utilized \$7.1 million to fulfill its role at the state level.<sup>39</sup>

**Allocation to counties:** NCPC uses a funding formula to distribute Smart Start funds to local partnerships and holds them accountable for meeting performance requirements.<sup>40</sup> Each partnership undergoes a performance assessment and must also raise a 19% match (in cash or in-kind) to receive their full Smart Start allocation. Federal or philanthropic private funds often supplement or serve as a match to Smart Start program funding.<sup>41</sup>

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## DISTRIBUTION

In the 2023-24 fiscal year, Local Partnership expenditures of Smart Start funds totaled \$156 million. As required by statute, no less than 30% of the program’s funding is spent on subsidies each year, which can be implemented in a variety of ways (see SCCA above for discussion of requirements for these subsidies).<sup>42</sup> According to the Smart Start Annual Report for FY23-24, funds were utilized for the following services:

Services	SFY 2023-24 expenditures
Child Care Subsidies	\$65.3 million
Early care and education services, such as technical assistance and professional development	\$41.0 million
Family support programs <b>and strategies</b>	\$24.5 million
Health-related services	\$3.4 million

Data from [NCPC-2023-2024-Annual report-public-Final.pdf](#)

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## QUALITY, COMPLIANCE, AND OVERSIGHT

NCPC conducts monitoring of local partnerships, delivers training and technical assistance, provides shared and/or consolidated services, and holds local partnerships accountable for meeting performance

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<sup>38</sup> [NCPC-2023-2024-AnnualReport-public-Final.pdf](#)

<sup>39</sup> [NCPC-2023-2024-AnnualReport-public-Final.pdf](#)

<sup>40</sup> N.C. General Statutes §§ 143B-168.11 - 168.12 [https://www.ncleg.gov/enactedlegislation/statutes/html/bychapter/chapter\\_143b.html](https://www.ncleg.gov/enactedlegislation/statutes/html/bychapter/chapter_143b.html)

<sup>41</sup> [Smart Start Audit](#)

<sup>42</sup> [2017-Smart-Start-Legislation.pdf](#)

standards. NCPD may adjust local partnership allocations by up to ten percent (10%) based on their performance assessments, specifically whether the local partnerships are meeting the outcome goals and objectives of their approved annual plans.<sup>43</sup> NCPD is also subject to audit and review by the state auditor and reports annually to DCDEE and the legislature on performance indicators.<sup>44</sup>

## WORK FIRST FAMILY ASSISTANCE

Total FY25 Allocation: \$113,731,573<sup>45</sup>

### PROGRAM PURPOSE & DESCRIPTION

North Carolina's Temporary Assistance for Needy Families (TANF) program, known as Work First (WF), promotes economic self-sufficiency among low-income families with children. Delivered locally through county Departments of Social Services (DSS), the WF program provides eligible parents with services - such as cash assistance and child care subsidies - to gain and maintain employment.<sup>46</sup>

### ELIGIBILITY

For Cash Assistance:

- Children must be aged 17 or younger at the time of application. Children who are 18 years old and in high school, expected to graduate by their 19th birthday, can receive benefits through the month they graduate from high school.
- Families must be at or below 150 or 200 percent of the federal poverty level (FPL).<sup>47</sup>
- All adults receiving cash assistance must have a Mutual Responsibility Agreement/Outcome Plan that requires the individuals to work or participate in work-related activities.<sup>48</sup>
- Families can receive WF Family Assistance for up to 24 months, but after that limit, cannot receive benefits for three years. Federal law sets a 60-month cumulative lifetime limit for receiving these benefits.<sup>49</sup>

For child care supports:

- Families participating in WF who require child care can apply for SCCA through their local county DSS and may be prioritized. For eligibility requirements related to SCCA, see the section above.
- County DSS can also determine a need for child care support for single-parent WF participants with children under the age of 6.<sup>50</sup>

### GOVERNANCE

- The HHS Office of Family Assistance manages the TANF program and distributes block grants to states.<sup>51</sup>

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<sup>43</sup> [2017-Smart-Start-Legislation.pdf](#)

<sup>44</sup> [Why-Smart-Start-Works-Nov-2019-Graphic-Version-1.pdf](#)

<sup>45</sup> [H259v7.pdf](#)

<sup>46</sup> [About Work First | NCDHHS](#)

<sup>47</sup> [About Work First | NCDHHS](#)

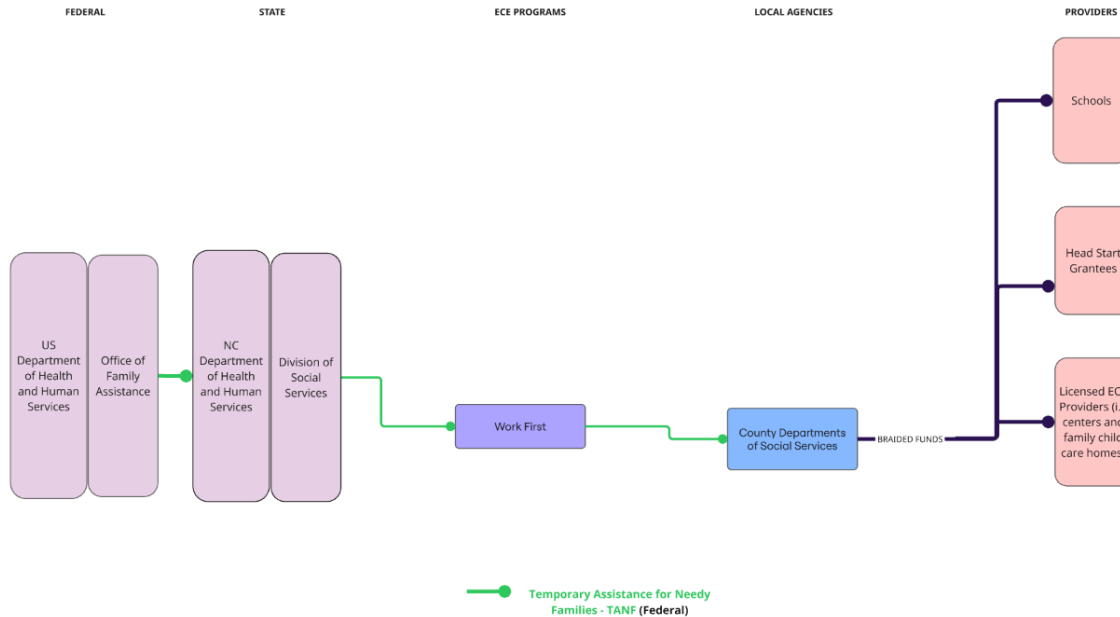
<sup>48</sup> [About Work First | NCDHHS](#)

<sup>49</sup> [About Work First | NCDHHS](#)

<sup>50</sup> [download](#)

<sup>51</sup> [Temporary Assistance for Needy Families \(TANF\) | The Administration for Children and Families](#)

- The NC Department of Health and Human Services Division of Social Services (NC DSS) distributes TANF funds via the Work First Block Grant.
  - NC DSS also collaborates with DCDEE and the Head Start State Collaboration Office to coordinate early education services, including referring WF families to Head Start and Early Head Start.<sup>52</sup>
- County departments of social services (DSS) and agencies in each of North Carolina’s 100 counties deliver all services and benefits to eligible families. County agencies may choose to use their local Work First Block Grant funds for child care assistance.<sup>53</sup>



## FUNDING

### FEDERAL FUNDING

The Temporary Assistance for Needy Families (TANF) block grant funds the Work First program. TANF is a federal block grant allocated to states to operate programs for low-income families with children. To receive funds, states must meet the maintenance of effort (MOE) requirement and meet work participation rate requirements by encouraging employment among recipients. Simultaneously, states are given flexibility in determining the policies and use of TANF funds: states determine the definition of “needy”, eligibility requirements, and benefit levels for recipients.<sup>54</sup> As noted in other sections of this report, TANF block grants are also utilized for SCCA and NC Pre-K.

FY25 Work First appropriations include:

Funding Source	FY25 Appropriation

<sup>52</sup> [TANF State Plan](#)

<sup>53</sup> [About Work First | NCDHHS](#)

<sup>54</sup> [Federal Funding Streams for Child Care and Early Childhood Education](#)

FY25 TANF Work First: Family Assistance	<a href="#">\$31,259,794</a>
FY25 TANF Work First: County Block Grants	<a href="#">\$80,093,566</a>
FY25 TANF Work First: Electing Counties	<a href="#">\$2,378,213</a>

Sources linked in table.

## ALLOCATION

Each year, HHS allocates a fixed amount of TANF funds to states based on historical spending levels. North Carolina’s total allotment is approximately \$312 million annually. Only 15% of TANF funds can be held by the state for administrative costs; the rest must go directly to programs and services.<sup>55</sup> Of the total TANF block grant, NC uses approximately 36.3% for the WF program. As stated above, to receive TANF funds, each state must maintain a certain level of its own spending on eligible families. This spending could come from state, county, or local spending on child care, pre-K, or other work support programs.<sup>56</sup>

## DISTRIBUTION

Counties have flexibility in how they utilize TANF block grant funds, including for cash assistance and child care, but must specify priorities and criteria in their local Work First plans for state approval. Along with child care subsidies, county DSSs are also permitted to use their WF block grants to support transportation to child care, post-employment child care, and child care as part of emergency assistance or benefit diversion. “Electing Counties” are given extra flexibility in setting rules and payment structures, but still must meet certain federal and state requirements.<sup>57</sup>

## QUALITY, COMPLIANCE, AND OVERSIGHT

Federal compliance for TANF funding requires states to report work participation rates, caseload data, and finances for federal and MOE categories to HHS. If a state fails to meet participation or maintenance requirements, the state may see its block grant reduced in the future.<sup>58</sup> At the state level, NC DSS is responsible for establishing, supervising, and monitoring local Work First programs.

## NORTH CAROLINA INFANT-TODDLER PROGRAM (NC ITP) -- NC’S EARLY INTERVENTION PROGRAM UNDER IDEA PART C

FFY25 IDEA Part C Allocation (estimate): \$72,498,918<sup>59</sup>

## PROGRAM PURPOSE & DESCRIPTION

North Carolina’s early intervention program for infants and toddlers, known as the Infant-Toddler Program (NC ITP), provides support and services for families and their children, birth to three years old, who have special needs. As required by the federal Individuals with Disabilities Education Act (IDEA) Part

<sup>55</sup> [TANF Benefits by State 2025](#)

<sup>56</sup> [TANF State Plan](#)

<sup>57</sup> [TANF State Plan](#)

<sup>58</sup> <https://www.congress.gov/crs-product/R48413>

<sup>59</sup> [BD 307 Revised Report Division of Child and Family Wellbeing](#)

C, all eligible children must have access to appropriate services. NC ITP offers service coordination, family support, special instruction, assistive technologies, and physical, occupational, and speech-language therapies. Services are provided through home visitation to support children and families in their everyday environments.<sup>60</sup>

In FY23, 10,442 children aged 0 to 3 years old were served under IDEA Part C in North Carolina, representing 2.87% of the state's population of children under 3 years old.<sup>61</sup>

## ELIGIBILITY

Eligibility for NC ITP is determined by Children's Developmental Services Agencies (CDSAs). CSDAs utilize various standardized and observational methods to determine if a child has a developmental delay, including: health and development assessments, interviews and discussions with families, and observations of the child.<sup>62</sup>

Children served by NC ITP must be aged 0 to 3 years old and have either a developmental delay or a pre-existing disability or health condition.

- A child is considered to have an established condition if the child has a diagnosed physical or mental condition that has a high probability of resulting in developmental delay.
- A child is considered to have a developmental delay if the child's development is delayed in one or more of the following areas: cognitive, physical, communication, social-emotional, and adaptive.<sup>63</sup>

Once a child is assessed as eligible, they are referred to a service provider who develops an Individualized Family Service Plan (IFSP) to document the services and supports that will be provided. Ahead of a child's 3<sup>rd</sup> birthday, if needed, the NC ITP provider works to transition the child to the Early Childhood Exceptional Children (ECEC) program for evaluation for continued special education services.

## GOVERNANCE

- The U.S. Office of Special Education Programs (OSEP) within the U.S. Department of Education (DOE) administers IDEA Part C funding.
- The North Carolina Early Intervention Section (NCEIS) within the DHHS Division of Child and Family Well-Being administers the NC ITP program and distributes IDEA Part C funds to local agencies.
- Sixteen Children's Developmental Services Agencies (CDSAs) across North Carolina operate as local lead agencies supporting service providers.<sup>64</sup>
- Service providers deliver NC ITP services to children and families<sup>65</sup>

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<sup>60</sup> [About NC ITP | NCDHHS](#)

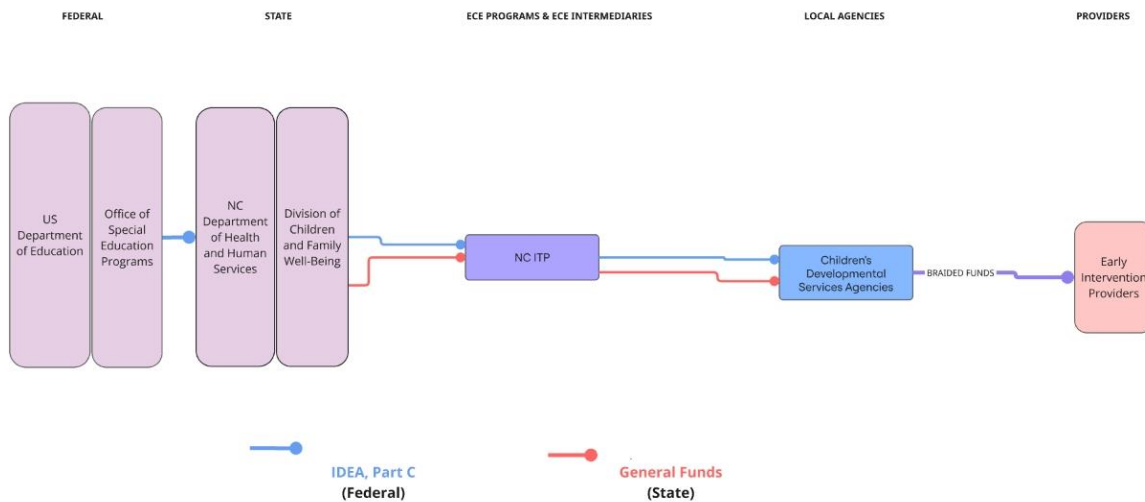
<sup>61</sup> [Data Profiles - Department of Education Open Data Platform](#) (Note: FY23 is the most recently available data)

<sup>62</sup> [About NC ITP | NCDHHS](#)

<sup>63</sup> [About NC ITP | NCDHHS](#)

<sup>64</sup> [2025 SPP/APR and State Determination Letters, Part C](#)

<sup>65</sup> [NC ITP Providers | NCDHHS](#)



## FUNDING

NC ITP is largely funded by IDEA Part C and state funds. Evaluation and service coordination are at no cost to North Carolina families. Other services are based on a sliding fee scale to be covered by family payment, Medicaid, or private or public healthcare insurance.<sup>66</sup>

### STATE FUNDS

Annual General Fund appropriations to NCEIS support early childhood initiatives, including by NC ITP.

FY25 Fund Sources	Appropriations
General Revenue Funds/Early Intervention BC <i>Source linked in table.</i>	<a href="#">\$23,114,269</a>

### IDEA PART C (FEDERAL)

IDEA Part C is a federal formula grant that funds early intervention services to infants and toddlers with disabilities from birth to three years.<sup>67</sup>

FY25 Fund Sources	Appropriations
FY25 Federal IDEA Part C	<a href="#">\$12,162,636</a>
Other sources <i>*Inclusive of Medicaid, sales services, and rental revenue</i> <i>Source linked in table.</i>	<a href="#">\$37,222,113</a>

### ALLOCATION

<sup>66</sup> [Frequently Asked Questions | NCDHHS](#)  
<sup>67</sup> [ABCs of Federal Funding 2025](#)

Federal IDEA Part C state grant awards from the U.S. Department of Education are based on each state's relative share of the general population aged birth through two years old –specifically, the ratio of infants and toddlers in each state to the number of infants and toddlers in all states. The minimum allotment for each state is either \$500,000 or one-half of 1% of the total Part C funds allotted to all states, whichever is greater. IDEA supplement, not supplant requirements generally prohibit a state or lead agency from using IDEA grants to provide services, purchase equipment, and so forth, that state, local, or other federal funds currently provide or purchase.<sup>68</sup>

To receive a Part C grant, states must meet requirements outlined in the law, including but not limited to designating a lead agency, specifying policies and procedures, implementing a public awareness program, and conducting "child find" activities to identify infants and toddlers who may be eligible for early intervention services.<sup>69</sup>

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## DISTRIBUTION

NCEIS distributes IDEA Part C funds to sixteen CDSAs that coordinate early intervention services throughout the state. CDSAs use IDEA Part C funds to contract with community-based providers, employ service coordinators, and provide staff training and certification. CDSAs must adhere to state and federal fiscal and monitoring standards.<sup>70</sup>

## QUALITY, COMPLIANCE, AND MONITORING

Every state receiving Part C funds must develop and implement a State Systemic Improvement Plan (SSIP) –a multi-year plan to improve program quality, infrastructure, and results for children. The SSIP guides how NC ITP uses its resources (federal, state, and local) to improve program performance and child and family outcomes. As part of the plan, states must establish a State-Identified Measurable Result (SiMR). For NC ITP, the SiMR is to increase the percentage of infants and toddlers with Individualized Family Service Plans (IFSPs) who demonstrate improved positive social-emotional skills.<sup>71</sup>

In service of this goal, the SSIP establishes measurable targets and tracks progress through statewide data collected from the 16 CDSAs. The NC Interagency Coordinating Council (ICC) and local ICCs are also engaged in setting targets, analyzing data, developing improvement strategies, and evaluating NC ITP progress.<sup>72</sup>

## EARLY CHILDHOOD EXCEPTIONAL CHILDREN (ECEC) - NC'S EARLY CHILDHOOD SPECIAL EDUCATION PROGRAM UNDER IDEA, PART B 619

FY25 IDEA Part B Allocation: \$8,782,972<sup>73</sup>

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<sup>68</sup> [The Individuals with Disabilities Education Act \(IDEA\), Part C: Early Intervention for Infants and Toddlers with Disabilities | Congress.gov | Library of Congress](#)

<sup>69</sup> [The Individuals with Disabilities Education Act \(IDEA\), Part C: Early Intervention for Infants and Toddlers with Disabilities | Congress.gov | Library of Congress](#)

<sup>70</sup> [2025 SPP/APR and State Determination Letters, Part C](#)

<sup>71</sup> [State Systemic Improvement Plan \(SSIP\)](#)

<sup>72</sup> [2025 SPP/APR and State Determination Letters, Part C](#)

<sup>73</sup> Data received via email from staff at the North Carolina Department of Instruction (DPI).

## PROGRAM PURPOSE & DESCRIPTION

Under the Individuals with Disabilities Education Act (IDEA) Part B, Sections 611 and 619, school districts are legally responsible for identifying and providing special education services to children ages 3-5 in their district. North Carolina's IDEA Part B 619 program -- known as the Early Childhood Exceptional Children (ECEC) program -- promotes the development and successful inclusion of North Carolina's preschool age children with special needs in a broad range of developmental activities and contexts including early learning programs.<sup>74</sup>

Recent data indicate that about 14,000 North Carolinian children ages 3-5 years old have an IEP.<sup>75</sup> In FY25, 115 Local Education Agencies (LEAs) and 2 residential schools implemented ECEC programs. Preschool children with IEPs are served in different settings. Public school units (PSUs) self-reported approximately 2050 total classrooms in FY25, which represents a mix of inclusive and separate classrooms.<sup>76</sup>

## ELIGIBILITY

Children ages 3-5 years old who have disabilities or developmental delays are eligible for ECEC. The ECEC eligibility process involves "child-find" (locating and identifying children who may have disabilities) as required by federal and state law. When a child is identified as potentially needing services, school districts conduct an evaluation. If a child is assessed to have disabilities or developmental delays, the district creates an Individualized Education Program (IEP) that details the services that will be provided. Participation is based on parental consent, and there are no income eligibility requirements.<sup>77</sup>

## GOVERNANCE

- The U.S. Department of Education Office of Special Education Program (OSEP) administers IDEA formula grants, which are awarded to states.<sup>78</sup>
- The NC Department of Public Instruction (DPI) Office of Exceptional Children (OEC) administers grants under Sections 611 and 619 of the IDEA to eligible LEAs and monitors programs for compliance and performance.
- LEAs and regional entities provide services related to federal and state IDEA mandates.<sup>79</sup>

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<sup>74</sup> [Early-Learning-in-North-Carolina-Program-Descriptions.pdf](#), [Policies Governing SWD](#), and [Programs and Services | NC DPI](#)

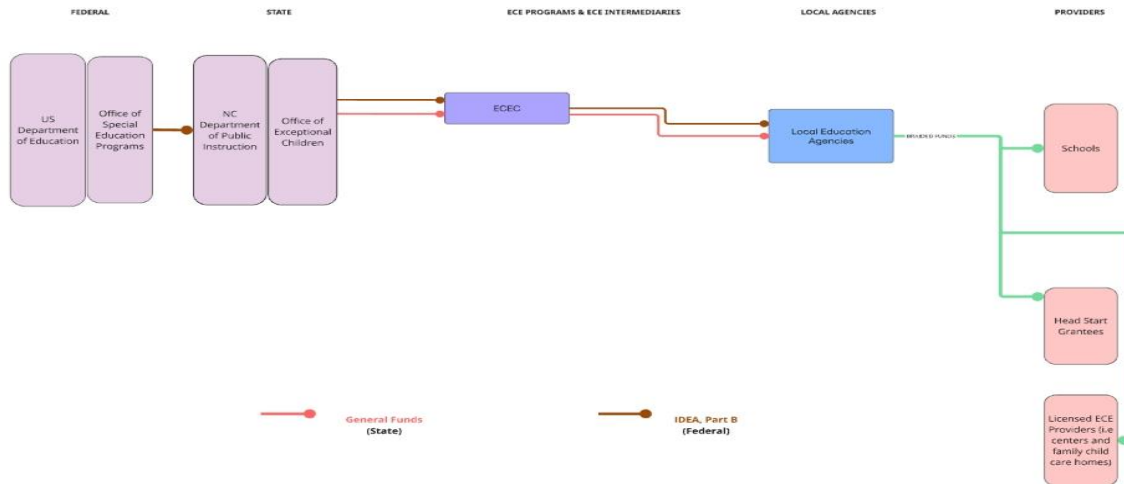
<sup>75</sup> [NC SPP/APR Part B FFY 2023](#)

<sup>76</sup> Data received via email from staff at the North Carolina Department of Instruction (DPI).

<sup>77</sup> [Special Needs Criteria - Special Needs Criteria](#)

<sup>78</sup> [State Formula Grants - Individuals with Disabilities Education Act](#)

<sup>79</sup> [Early-Learning-in-North-Carolina-Program-Descriptions.pdf](#)



## FUNDING

### STATE FUNDING

State funding is allocated to school districts as part of the K-12 school funding formula.

For the 2023-2024 school year, for ECEC, the funding formula included a base amount of \$77,051 per LEA, with the remainder distributed based on April 1 est. child count of ages 3, 4, and PreK- 5, (\$3,371.79) per child.<sup>80</sup> However, every eligible LEA must receive at least the amount it received the prior year, and if funds are left unused, NC DPI may reallocate those funds to other LEAs.<sup>81</sup>

### FEDERAL FUNDING

Part B, Section 619 of the Individuals with Disabilities Education Act (IDEA) provides a preschool formula grant to states that provide a free appropriate public education to all children ages 3-5 with disabilities.<sup>82</sup> This is in addition to IDEA Part B 611, which provides funding for children ages 3-21 and is the primary federal funding source for special education; however, use of 611 funds is determined at the local level, and the portion that is used specifically for 3-5 year olds is not captured in existing data.

FY25 Fund Sources	Appropriations
FY25 Federal IDEA Part B 619	\$8,782,972

*Data received via email from staff at the North Carolina Department of Instruction (DPI)*

### ALLOCATION

According to federal law, NC DPI can preserve up to 20% of IDEA Part B funds for state-level program administration and technical assistance activities, while up to 1% of funds can be used to help coordinate

<sup>80</sup> No Slide Title

<sup>81</sup> [North Carolina Policies Governing Services for Children with Disabilities](#)

<sup>82</sup> [Federal Funding Streams for Child Care and Early Childhood Education](#)

services for children and families. The remainder is distributed to LEAs based on a formula, as described above.

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## DISTRIBUTION

DPI reviews each LEA’s application for grant funding annually to confirm eligibility and release of funds. To qualify, a LEA must have an approved plan ensuring it meets federal requirements, provides a free and appropriate public education to all children with disabilities ages 3-5 years old, uses grant funds appropriately, and meets accountability requirements.

IDEA Section B 619 funds may be used only for special education-related services and are generally used to cover the direct costs that are associated with the provision of special education. LEAs in North Carolina are permitted to use funds for hiring or training special-education preschool teachers or aides, purchasing or leasing assistive technology devices (and the services related to them), supporting inclusive settings, and ensuring transition and related services to preschoolers with disabilities. Funds cannot supplant state or local spending already required by law.<sup>83</sup>

## QUALITY, COMPLIANCE, AND OVERSIGHT

DPI monitors LEA compliance with IDEA and reports to the federal OSEP. The monitoring priorities are the percentage of children being served in the least restrictive environment and the progress that children with IEPs make towards their service plan goals. In 2023, among children served in ECEC, approximately 30% were in regular early learning settings with services delivered in that setting, 30% were in a separate classroom, school, or residential facility, and 1.5% were served at home.<sup>84</sup>

## NORTH CAROLINA PRE-KINDERGARTEN (NC PRE-K)

FY25 Total Funding: \$200,887,331<sup>85</sup>

### PROGRAM PURPOSE & DESCRIPTION

The NC Pre-Kindergarten (NC Pre-K) program is designed to enhance school readiness for eligible four-year-old children by providing a high-quality, classroom-based early educational experience in the school year preceding Kindergarten.<sup>86</sup> There are 91 local NC Pre-K Contracting Agencies, serving all 100 counties in the state, that implement the NC Pre-K Program at the county/regional level.<sup>87</sup>

In state fiscal year 2024-25, NC Pre-K served 30,070 children, representing about 60% of North Carolina’s eligible 4-year-olds from lower-income families.<sup>88</sup> NC Pre-K programs served children in 2,229 classrooms across various settings:

NC Pre-K Settings	Percentage of classrooms
Public schools	54.2%

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<sup>83</sup> [North Carolina Policies Governing Services for Children with Disabilities](#)

<sup>84</sup> [NC SPP/APR Part B FFY 2023](#) of note, this document does not include information about settings for the other 38.5% of children.

<sup>85</sup> <https://www.osbm.nc.gov/media/4324/open>

<sup>86</sup> [NC Pre-K | North Carolina Prekindergarten Program - North Carolina Pre-Kindergarten \(NC Pre-K\)](#)

<sup>87</sup> [More at Four Pre-Kindergarten Program Requirements](#)

<sup>88</sup> Data received from staff at the Division of Child Development and Early Education (DCDEE)

Child care centers	32.7%
Head Start	13.1%

Data from [SFY 2023-2024 Annual NC Pre-K Report](#)

## ELIGIBILITY

NC Pre-K eligibility requirements include:

- The child must be 4 years old on or before August 31<sup>st</sup> of the program year
- The child’s family must have a gross income at or below 75% of the State Median Income (SMI) or must meet categorical eligibility.
  - Categorical eligibility includes children/families experiencing homelessness, in foster care, receiving refugee services, or receiving public assistance (such as Medicaid, SNAP, etc).<sup>89</sup>
  - Certain military families may not be subject to the income requirement.
  - Up to 20% of age-eligible children enrolled may have family incomes more than 75% SMI if they have documented risk factors like developmental disabilities, limited English Proficiency, or chronic health conditions.<sup>90</sup>

Placement into an NC Pre-K program is not guaranteed. When localities lack capacity or sufficient funding to serve all eligible children, waiting lists prioritize which children can receive services.<sup>91</sup>

## GOVERNANCE

- The HHS, Administration for Children and Families administers federal funds (CCDF and TANF) and distributes them to states.
- NC General Assembly appropriates funds to NC DCDEE for NC Pre-K.
- The NC Lottery Commission allocates about 8% of lottery funds towards NC Pre-K.<sup>92</sup>
- NC DCDEE administers the NC Pre-K program by entering into contractual agreements with counties or regional NC Pre-K Contracting Agencies that carry out the program.
- Local contracting agencies such as, but not limited to non-profits, Head Start agencies, Smart Start Local Partnerships, and LEAs, utilize funds to deliver services to children and families.<sup>93</sup>

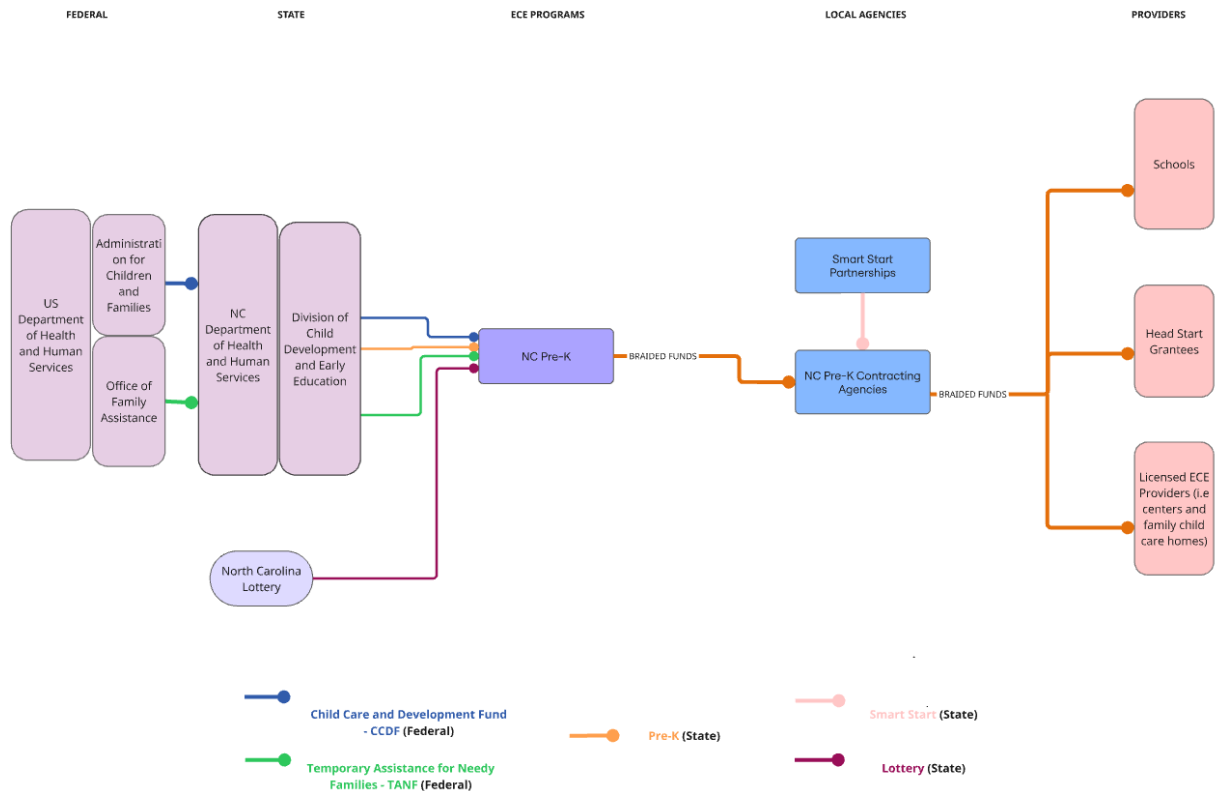
<sup>89</sup> Information received via email from staff at DCDEE

<sup>90</sup> [NC Pre-K | North Carolina Prekindergarten Program - North Carolina Pre-Kindergarten \(NC Pre-K\)](#)

<sup>91</sup> [NC Pre-K | North Carolina Prekindergarten Program - North Carolina Pre-Kindergarten \(NC Pre-K\)](#)

<sup>92</sup> [History of Lottery Fund Assignment - FY24-Final.pdf](#)

<sup>93</sup> [NC Pre-K Fiscal and Contract Manual Revised September 2020 Note Added 6-3-2022.pdf](#)



## FUNDING

NC Pre-K is funded through a blend of state funds and state lottery funds, federal funds, and local matching funds to cover any remaining costs of the program.<sup>94</sup>

### STATE FUNDING

The NC General Assembly appropriates funding for the NC Pre-K program annually. Since 2006, the North Carolina legislature has also directed lottery funds to support various education programs, including prekindergarten. Last year, the North Carolina lottery raised around \$1 billion for education and dedicated 8.4% of that budget towards NC Pre-K.<sup>95</sup> Of note, state NC Pre-K expenditures may count towards the state’s Maintenance of Effort (MOE) and matching requirements for TANF and CCDF funding.

FY25 Fund Sources	Appropriations
FY25 General Fund - NC Pre-K	<a href="#">\$47,394,460</a>
FY25 Agency Operating Transfer - Lottery Funds	<a href="#">\$78,252,110</a>

Sources linked in table.

### FEDERAL FUNDING

<sup>94</sup> [Funding Resources for ECE in NC.pdf](#)

<sup>95</sup> [History of Lottery Fund Assignment - FY24-Final.pdf](#)

North Carolina also uses federal block grants to fund NC Pre-K.

FY25 Fund Sources	Appropriations
FY25 TANF - NC Pre-K	\$68,300,000
FY25 CCDF	\$6,940,761

Sources linked in table.

A small portion of CCDF quality funds (up to 2%) is used to support quality activities in NC Pre-K.

## ADDITIONAL FUNDS

NC Pre-K programs are encouraged to braid NC Pre-K state appropriated funds with other funding sources such as Smart Start, Title I, Head Start, ECEC, and local funds, to fully implement prekindergarten programs. However, fund use must be tracked and reported, and they must supplement, not replace, other pre-K funding.

In SFY 2023-2024, NC Pre-K contractors reported leveraging the following fund sources. Note that the expenditures in the table below only represent half of a fiscal year.<sup>96</sup>

Fund Source	Expenditures reported through 11/30/2023
Total direct service funds allocated	*Not reported
Smart Start	\$5,503,501
Head Start	\$14,742,795
Title I	\$10,864,316
ECEC resources	\$7,137,878
City count resources	*Not reported
Subsidy resources	*Not reported
Child and Adult Care Food Program (CACFP) resources	\$2,837,622
Private provider resources	\$2,187,002

Data from [download](#)

## ALLOCATION

NC Pre-K contractors receive program funding based on a per-child allocation for up to 10 months (36 weeks) of services. There are three main funding types allocated for NC Pre-K:

- Direct Service Funds:** These funds are used to reimburse contractors or subcontractors for serving eligible 4-year-olds in NC Pre-K classrooms. The funds are meant to cover the costs of salaries and benefits for staff, classroom operations, equipment, curriculum materials, assessments, transportation and professional development. Reimbursements are made per child per month for up to 10 months and rates vary based on NC Pre-K site setting.

Site	Monthly payment rates (per child)

<sup>96</sup> [download](#)

Head Start sites	\$420
Public schools	\$496
Child care centers	\$719

*Data provided via email from staff at DCDEE.*

- **Administrative Funds:** These funds, intended for administrative costs related to staffing, training, supplies, etc., represent about 4% of the total allocation to contractors.
- **CCDF Quality Funds:** North Carolina can appropriate up to 2% of federal CCDF funds for quality-assuring activities such as training and evaluating licensed teachers, classroom improvements, etc.<sup>97</sup>

## DISTRIBUTION

DCDEE contracts with 91 NC Pre-K Contracting Agencies that serve all 100 counties in the state.<sup>98</sup> NC Pre-K Contracting Agencies can be entities such as LEAs, Head Start agencies, or Smart Start partnerships. NC Pre-K contracting agencies are responsible for supporting the Standardized Site Selection process and ensuring the local NC Pre-K Committee adheres to all requirements when selecting NC Pre-K sites within their local area.<sup>99</sup> NC Pre-K is delivered through the mixed delivery system of schools, community-based child care centers, and Head Start programs. DCDEE monitors the use of prekindergarten funds and may reallocate funds between NC Pre-K Contracting Agencies based on spending and capacity.<sup>100</sup>

## QUALITY, COMPLIANCE, AND MONITORING

NC's Pre-K program meets several nationally accepted benchmarks for measuring quality early learning. These include adhering to comprehensive Early Learning Standards, education/licensure requirements for staff, professional development requirements, classroom 1:10 staff to child ratios, developmental screenings and referrals, evidence-based curriculum and formative assessments, monitoring and nutritional requirements. Additionally, the [NC Pre-K Program Requirements](#) and [NC Child Care Rules](#) ensure a high-quality pre-kindergarten classroom experience in each local pre-K program.<sup>101</sup>

NC Pre-K Contracting agencies are required to make at least one annual on-site visit to or virtual review of each NC Pre-K program site and/or classroom. In addition, DCDEE monitors NC Pre-K for programmatic and fiscal compliance.

## TITLE I PRESCHOOL

FY25 Total Funding: \$45,711,062<sup>102</sup>

## PROGRAM PURPOSE & DESCRIPTION

<sup>97</sup> [NC Pre-K Fiscal and Contract Manual Revised September 2020 Note Added 6-3-2022.pdf](#)

<sup>98</sup> [NC Pre-K Fiscal and Contract Manual Revised September 2020 Note Added 6-3-2022.pdf](#)

<sup>99</sup> [North Carolina Pre-Kindergarten \(NC Pre-K\) Program Requirements and Guidance](#)

<sup>100</sup> [NC Pre-K Fiscal and Contract Manual Revised September 2020 Note Added 6-3-2022.pdf](#)

<sup>101</sup> [NC Pre-K | North Carolina Prekindergarten Program - North Carolina Pre-Kindergarten \(NC Pre-K\)](#)

<sup>102</sup> Data received via email from staff at the North Carolina Department of Instruction (DPI).

North Carolina’s Title I preschool programs are designed to improve the cognitive, health and social-emotional outcomes for eligible children before kindergarten. Title I preschool programs usually follow the K-12 school calendar and day and are staffed with both a licensed teacher and a qualified teacher assistant.<sup>103</sup> The use of Title I funds for a preschool program is a local decision. Title I public school units (PSUs) or schools may use their Title I funds to support district-operated or school-operated preschool programs or use their funds to coordinate with other preschool programs.<sup>104</sup>

In school year 2024-2025, 69 public school units (PSUs) offered Title I preschool.<sup>105</sup>

## ELIGIBILITY

Although Title I allows preschool programs to serve children ages birth through 5 years old, most North Carolina Title I preschools serve 4-year-olds.<sup>106</sup> Eligibility for these programs is dependent on several factors including:

- **Age:** A child must be under kindergarten age (5 years old) and age eligible by August 31<sup>st</sup> of the new school year.
- **Residence:** Children must be living in the attendance area of the Title I preschool program.
- **Academic need:** Local programs design a selection process that includes multiple criteria such as parent interviews, teacher observations, and child development screenings to determine if a child is at risk of failing to meet the state’s academic achievement standards when they reach school age. Programs must also document that children with the greatest need are served first. Family income information may be gathered and used to prioritize children, but children should not be solely identified based on family income.
- Automatic eligibility is given to children experiencing homelessness and children in a local institution for neglected or delinquent youth. Children who have participated in Head Start, another Title I preschool program, or children served by Title I Part C at any time in the preceding two years are also considered eligible.<sup>107</sup>

## GOVERNANCE

- The U.S. Department of Education administers and distributes Title I, Part A of the Elementary and Secondary Education Act (ESSA), which is intended to support schools in serving students from low-income families, to states.
- The North Carolina Department of Public Instruction (DPI) Office of Federal Programs governs the Title I Preschool program and distributes Title I funds to PSUs.
- PSUs or Title I schools operate Title I preschool programs. Local Title I directors, superintendents, school boards, or other leaders, make decisions on how Title I funds are used.<sup>108</sup>

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<sup>103</sup> [Preschool | NC DPI](#)

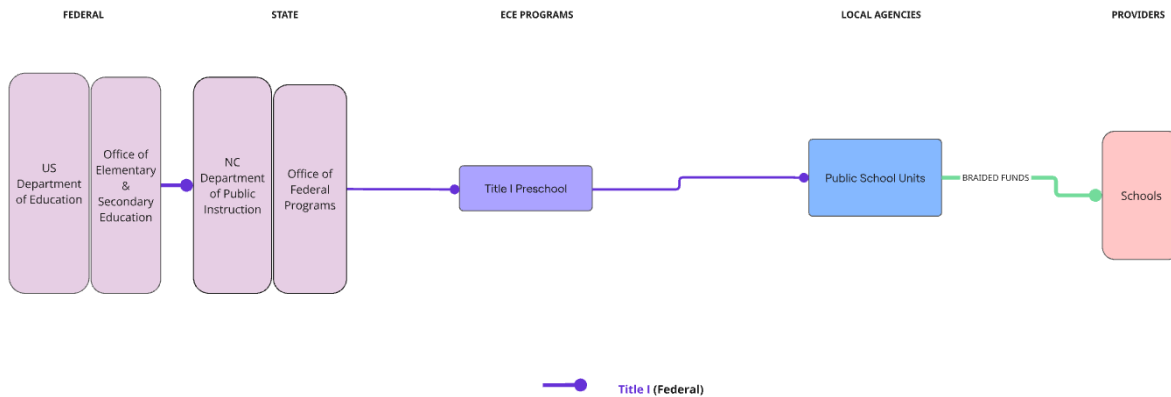
<sup>104</sup> [Title I Preschool NC Standards and Procedures](#)

<sup>105</sup> Data received via email from staff at the North Carolina Department of Instruction (DPI).

<sup>106</sup> [Preschool | NC DPI](#)

<sup>107</sup> [Title I Preschool NC Standards and Procedures](#)

<sup>108</sup> [Title I Preschool NC Standards and Procedures](#)



## FUNDING

### FEDERAL FUNDING

Title I- Part A is a federal formula grant that provides financial assistance to LEAs and schools with high numbers or high percentages of children from low-income families to bolster academic success. The state Title I, Part A grant award allocation for North Carolina, based on ESSA in FY24, was approximately \$500 million (note that the funding total is for all grade levels), and typically only a fraction is set aside for preschool-aged children.<sup>109</sup> As an allowable use of Title I, localities decide whether and how much funding is set aside for Title I preschool services. These funds can be used to create or enhance preschool programs, extend the length of existing ones, or supplement other early learning programs like Head Start or NC Pre-K. In FY25, 69 PSUs set Title I funds aside to support preschool and self-reported using approximately \$46 million for these programs.

FY25 Fund Sources	Funds Used for Preschool Services
FY25 Federal Title I (Formula Grant)	\$45,7111,062

*Data received via email from staff at the North Carolina Department of Instruction (DPI).*

### ALLOCATION

Title I formula grants are allocated to states based on census poverty estimates and the estimated cost of education in the state or territory. As per federal requirements, the state must allocate no less than 95% of the funding to districts on a formula basis.<sup>110</sup>

### DISTRIBUTION

<sup>109</sup> [Title I, Part A: Improving Basic Programs Operated by Local Educational Agencies | U.S. Department of Education](#)

<sup>110</sup> [Title I, Part A: Improving Basic Programs Operated by Local Educational Agencies | U.S. Department of Education](#)

Grant applications and funding are approved by the Office of Federal Programs and distributed by the Office of School Business Services to PSUs and further to schools based on school poverty rates commonly estimated with free-or reduced-price lunch (FRPL) eligibility.<sup>111</sup>

Schools and districts have the flexibility to use their Title I-A funds to support early childhood education and the transition to kindergarten for eligible children, including through school-operated, district-operated, or other public or community-based programs.<sup>112</sup> Localities may use Title I funds in conjunction with funds from other public funding sources to operate a Title I preschool program. For example, Title I funds may be braided with NC Pre-K or Head Start funds. However, Title I funds must supplement and not supplant district responsibilities or programs. This means that a school may not use Title I funds to perform a service that would normally be paid for with other local or state dollars.<sup>113</sup>

## QUALITY, COMPLIANCE, AND OVERSIGHT

The North Carolina DPI sets standards and provides oversight and guidance to ensure programs are compliant with both state and federal requirements. For example, Title I preschool programs must be aligned to [North Carolina's early learning standards](#), which ensure curricula are comprehensive and research-based. Programs must also meet [Head Start Program Performance Standards \(Part 1302 Subpart C\)](#), which require developmentally and linguistically appropriate education, and safe environments, among other expectations.<sup>114</sup> These standards create a common set of expectations for preschool children across the state.

Family engagement is also an integral component of all Title I preschool programs. Title I requires programs to involve families in meaningful ways in their child's education, with the goal of shared decision-making.<sup>115</sup>

Title I classrooms must maintain a maximum staff-to-child ratio of 1:9. The maximum class size is 18 children, with one teacher and one teacher assistant assigned to each classroom. Though smaller ratios may be required for programs that provide inclusive settings for children with disabilities.<sup>116</sup>

## HEAD START

FY24 Amount: \$266,995,093<sup>117</sup>

### PROGRAM PURPOSE & DESCRIPTION

Head Start programs deliver early education and care services to low-income and vulnerable infants, toddlers, preschool age children, and pregnant women. Head Start is a federal program that provides funding directly to grantees across the country. The two main Head Start programs include:

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<sup>111</sup> [Fast Facts: Title I \(158\)](#)

<sup>112</sup> [Federal Funding Streams for Child Care and Early Childhood Education](#)

<sup>113</sup> [Title I Preschool NC Standards and Procedures](#)

<sup>114</sup> [Title I Preschool NC Standards and Procedures](#) and [Head Start Performance Standards for Title I](#)

<sup>115</sup> [Title I Preschool NC Standards and Procedures](#)

<sup>116</sup> [Title I Preschool NC Standards and Procedures](#)

<sup>117</sup> <https://acf.gov/sites/default/files/documents/olab/fy-2025-congressional-justification.pdf>; this source was provided by HSCO. Of note, this does not include funding for MSHS or AIAN.

- *Early Head Start (EHS)*: EHS can be delivered as either a home visiting or community-based early learning program. The home visiting model provides services to expecting and new families to advance child development through supporting parent-child interactions, daily routines, and household materials. The early learning program provides high quality early education and care opportunities in child care centers, family child care homes, or locally designed options for children ages 0-2.
- *Head Start (HS)*: While HS can similarly be delivered in homes or as a community-based program, it is primarily a community-based early learning program delivered in child care centers across the country serving children ages 3-4.

A hallmark of the Head Start model is a comprehensive approach for families. Head Start programs are required to provide health, nutrition, and social services as well as child development and educational opportunities.

Programs offering community-based Head Start may offer partial or full day care. Often, Head Start programs leverage other funding streams to serve families. For example, Head Start programs may accept SCCA to provide before and after care and may participate in NC Pre-K to offer more preschool seats within their program.

According to the federal Program Information Report, in North Carolina in FY24, there were 5,271 infants/toddlers enrolled in Early Head Start and 13,810 preschool-age

children enrolled in Head Start. In addition, there are 38 funded spots for pregnant women and 448 children enrolled in the Migrant/Seasonal Head Start program. Across all funded slots in North Carolina, approximately 95% are community-based early learning, 5% are home visiting, and 1% other.<sup>118</sup>

## ELIGIBILITY

Eligibility for Head Start is defined by the federal government. Eligible children and families include:

- Children from birth to age 5 from families with low income, according to the federal [Poverty Guidelines](#), are eligible for Head Start services.
- Children in foster care, children experiencing homelessness, and children from families receiving public assistance (TANF, SSI, or SNAP) are categorically eligible for Head Start services regardless of income.
- Head Start programs may enroll up to 10% of children from families that have incomes above the Poverty Guidelines. Programs may also serve up to an additional 35% of children from families whose incomes are above the Poverty Guidelines, but below 130% of the poverty line, if the program can ensure that certain conditions have been met.
- Pregnant women may also be eligible for Early Head Start services

In FY24, based on data from the federal Program Information Report, children and families in North Carolina who participated in Head Start programs were determined eligible based on the following categories:

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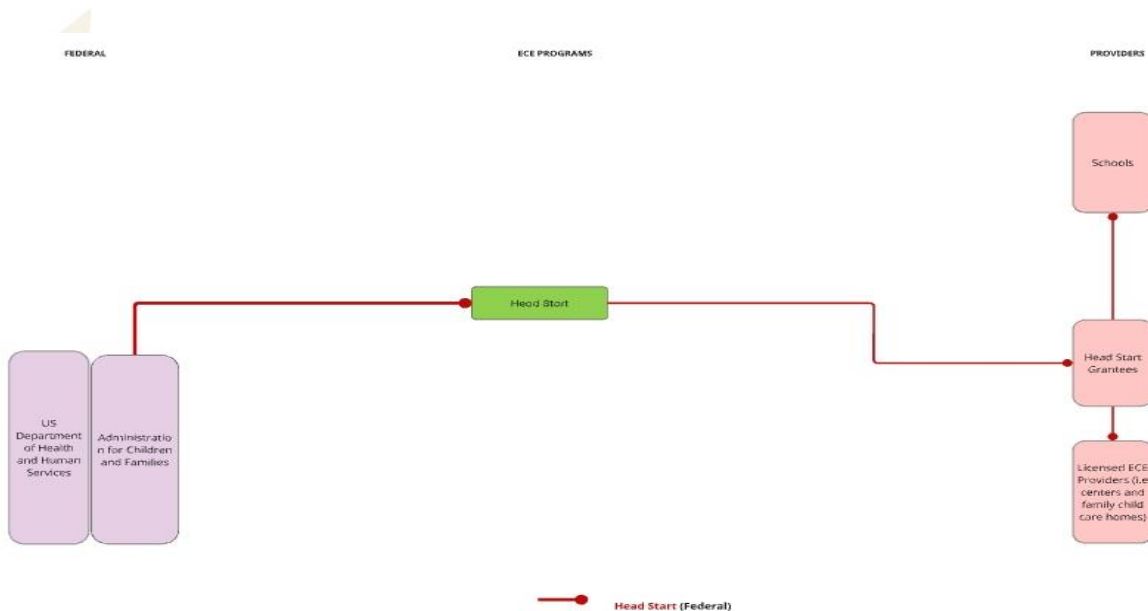
<sup>118</sup> FY24 PIR

Eligibility Category	% of enrolled NC Children/Families in FY24
Low-income	34.4%
Public Assistance	49.6%
Foster Care	1.7%
Homelessness	6.8%
Income between 100%-130% FPL	3.1%
Other	4.4%

Data from FY24 PIR

## GOVERNANCE

- The US Department of Health and Human Services (HHS), Administration for Children and Families, make Head Start awards to applicants across the country
- Grantees of federal Head Start funds can either directly operate programs, delegate operations to other entities, and/or partner with other sites to deliver programming
- State engagement with Head Start program:
  - Each state has a Head Start Collaboration Office (HSCO) that supports coordination between Head Start programs and state programs. The HSCO focuses on building partnerships and facilitating coordination and does not have an oversight role. In North Carolina, the HSCO is located within DPI.<sup>119</sup>
  - Head Start grantees that are child care centers are licensed by the NCDHHS, similar to all child care centers.



<sup>119</sup> [Head Start Collaboration Offices and State Systems | HeadStart.gov](https://www.headstart.gov/headstarts/HeadStartCollaborationOfficesandStateSystems)

## FUNDING

### FEDERAL FUNDING

Funding for Head Start in North Carolina comes directly from the federal government to grantees through a federal Notice of Funding Opportunity process. All grantees must provide a 20% match, which can be achieved through funding, volunteer hours, or other in-kind services.

FY25 Fund Sources	Appropriations
Federal Head Start Grants	\$266,995,093 <sup>120</sup>

Sources linked in table.

### ALLOCATION

The federal HHS Administration for Children and Families determines allocations through a grant application process. The application cycles are staggered and grant periods may vary, depending on availability of funding. As a result, grantees are allocated funds on varying timelines. In their applications to HHS, grantees request funding amounts to deliver the Head Start services; as a result, per child amounts can vary across grantees and programs.

### DISTRIBUTION

Head Start grantees may provide services directly, delegate operations to other entities, and/or partner with other sites to deliver programming. In North Carolina, there are approximately 59 grantees, which are comprised of Community Action Agencies, private/public non-profit organizations, school systems, and Tribal Governments or Consortiums. Of the programs, 98% are delivered directly by the Head Start grantees; only two programs are delegated to another agency or operated through a central office.<sup>121</sup>

### QUALITY, COMPLIANCE, AND OVERSIGHT

Head Start programs must adhere to the federal government's Head Start Program Performance Standards, which are considered rigorous and high-quality.<sup>122</sup> The federal government conducts oversight of Head Start grantees for compliance with these standards. In addition, Head Start grantees based in child care settings must be licensed by DCDEE.

<sup>120</sup> Per email from HSCO, the source for this figure is <https://acf.gov/sites/default/files/documents/olab/fy-2025-congressional-justification.pdf>. Of note, this does not include funding for MSHS or AIAN.

<sup>121</sup> 2024 PIR

<sup>122</sup> [Head Start Program Performance Standards | HeadStart.gov](https://www.headstart.gov/standards)

## UNDERSTANDING EARLY CHILDHOOD AT THE LOCAL LEVEL

Several state, federal, local, and private funding streams and agencies comprise the North Carolina early childhood education landscape and come together at the local level to serve children and families. The following sections overview the entities that manage and implement ECE funding and programs at the local level, as well as the providers that deliver services to children and families.

### LOCAL AND REGIONAL ECE AGENCIES AND ENTITIES

At the local level, there are several entities responsible for managing early childhood funding and implementing programming. These include:

Local agencies	Description
<b>Public School Units (PSUs) and Local Education Agencies (LEAs)</b>	Public school systems administer programs like NC Pre-K, Title I Preschool, and ECEC (IDEA Part B) utilizing federal, state, and local funds.
<a href="#"><u>North Carolina Partnership for Children (NCP) and Local Smart Start partnerships</u></a>	NCP is the nonprofit umbrella organization for the state's 75 Smart Start partnerships, which serve all 100 counties. NCP manages the allocation of Smart Start funding across the network. Smart Start provides infrastructure to offer early care and education, health services, family support, and local capacity.
<a href="#"><u>County Departments of Social Services (DSS)</u></a>	Overseen at the state-level by the NC DHHS Department of Social Services, county-based DSSs administer the SCCA program, Work First, and related family services. They are present in all 100 of the state's counties.  SCCA recipients usually apply for child care assistance at the county DSS. In some counties, another agency is designated as the Local Purchasing Agency (LPA), such as a child care resource and referral agency (see CCR&R*).
<a href="#"><u>Children's Developmental Services Agencies (CDSAs)</u></a>	NC ITP operates through 16 CDSAs across the state. CDSAs work with local service providers to help families, caregivers, and professionals serve children with special needs.
<b>NC Pre-K <a href="#"><u>Contracting Agencies</u></a></b>	NC Pre-K Contracting Agencies are local lead agencies designated by DCDEE that contract with providers (LEAs, Head Start, child care centers) to administer NC Pre-K slots within a county or region. There are 91 NC Pre-K contracting agencies that serve all 100 counties.
<a href="#"><u>Child Care Resource &amp; Referral (CCR &amp; R) system agencies</u></a>	A technical assistance entity contracted (with CCDF funds) and overseen by DCDEE that is organized into regional and local agencies.  Regional Lead Agencies: A network of 14 regional non-profits that work with local agencies to provide services in their region.  Local CC&R agencies: 62 Local agencies located in both private and nonprofit organizations (including Smart Start

	partnerships) that serve families, child care providers, and communities.
<a href="#"><u>Local Interagency Coordinating Councils (LICCs)*</u></a>	LICCs are community-based advisory groups that serve all 100 state counties to coordinate under the NC Infant-Toddler Program (NC ITP) IDEA Part C.
<a href="#"><u>North Carolina Head Start Association*</u></a>	The NC Head Start Association represents 59 Head Start grantees statewide.

\*Service coordinators, advisory bodies, or technical assistance providers that do not distribute ECE funding or provide direct services to families with children.

## EARLY CHILDHOOD SERVICE PROVIDERS

Providers	Description
<b>Schools</b>	LEAs implement NC Pre-K, Title I Preschool, and ECEC (IDEA Part B) programs in school settings.
<b>Licensed ECE Providers</b>	Licensed child care providers are formal, regulated settings that offer paid child care services. There are two types of programs regulated by the state: family child care homes and child care centers. All licensed child care programs must meet <a href="#"><u>state child care requirements</u></a> , which include, but are not limited to, health and safety standards.  Over 5,000 child care centers and family child care homes were licensed in North Carolina in <a href="#"><u>February 2025</u></a> .
<b>Early Intervention Providers</b>	This category includes early intervention providers (e.g., speech therapists). NC ITP requires a provider agreement to enable providers to implement services as written in a child’s individualized Family Service Plan (IFSP).
<b>Early Head Start Grantees/Head Start Grantees</b>	Head Start grantees are community-based providers (including LEAs, non-profits, licensed child care centers, etc.) funded by the Head Start federal grant to deliver early childhood services to low-income children.

## THE CURRENT FEDERAL LANDSCAPE

Recent shifts in federal early childhood education policy and funding have introduced new considerations for states to navigate in 2025 and beyond.

### *Federal Appropriations*

Over the past fifteen years, federal early childhood education programs have benefited from steady bipartisan increases. That trajectory shifted in May 2025, when the White House’s budget proposed level funding for CCDBG and Head Start and eliminated funding for Preschool Development Grant Birth–5

(PDG B-5).<sup>123</sup> On July 4th, the president signed the One Big Beautiful Bill Act, a major reconciliation bill that expanded several federal tax credits aimed at improving child care affordability, but also included cuts to Medicaid and food assistance programs.<sup>124</sup> Ongoing negotiations between the House and Senate have since created uncertainty for 2026 funding levels. The 43-day federal government shutdown in fall 2025 delayed major federally funded services and grants supporting children and families, such as SNAP, WIC, and CCAMPIS.<sup>125</sup> At the time of this report, the federal government is funded through January 30, 2026, at which time there could be additional changes to federal ECE programs that could impact funding amounts or eligibility criteria for North Carolina children and families.

### *Reorganization of the Federal Government*

New interagency agreements among federal agencies have been executed to transfer oversight and administration of U.S. Department of Education programs—including IDEA and Title programs—to other federal agencies. In addition, staff reductions in federal departments, including HHS which houses the primary funding streams for child care, could impact federal support for programs.<sup>126</sup> Advocates have raised concerns about the resulting loss of federal expertise, administrative upheaval, and financial instability for state and local entities.<sup>127</sup> These changes also impact which federal agencies the North Carolina state departments will need to interact and coordinate with to receive, administer, and report on funding.

### *Pending Federal Legislation*

As Congress continues to negotiate a 2026 budget, several bills aim to strengthen the early childhood system. The bipartisan Expanding Childcare in Rural America (ECRA) Act seeks to make child care more affordable and accessible in agricultural and rural communities, while the Child Care for Every Community Act adopts best practices to improve and expand pre-K services.<sup>128</sup> Discussions about reauthorizing the Child Care and Development Block Grant (CCDBG)—last updated more than a decade ago—have also resurfaced. The bipartisan Child Care Modernization Act would update and strengthen the program to better meet the needs of working families, providers, and children, signaling renewed federal attention on child care access and affordability.<sup>129</sup>

## CONCLUSION AND FUTURE DIRECTIONS

The North Carolina early childhood education system includes several funding streams and programs that are allocated, governed, braided, and blended at multiple system levels. This report overviewed 11 funding streams and 8 early childhood programs. Key takeaways include:

- Several funding streams and programs within early childhood education have similar purposes to provide early care and education in the mixed delivery system, but vary in how the funding is managed, allocated, distributed, and delivered.

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<sup>123</sup> [https://www.ffyf.org/resources/2025/09/funding-for-key-early-learning-programs-fy2026/#:~:text=July%2031%2C%202025:%20The%20Senate,\(PDG%20B%2D5\)](https://www.ffyf.org/resources/2025/09/funding-for-key-early-learning-programs-fy2026/#:~:text=July%2031%2C%202025:%20The%20Senate,(PDG%20B%2D5))

<sup>124</sup> [Federal Early Education Update: July 2025](#)

<sup>125</sup> [ISSUE BRIEF: How a Government Shutdown Hurts Kids | First Focus on Children](#)

<sup>126</sup> [FAQs on Child Care, Early Learning, and the U.S. Department of Education](#)

<sup>127</sup> [White House Takes “Pivotal Step” Toward Dismantling ED](#)

<sup>128</sup> <https://mann.house.gov/media/press-releases/rep-mann-introduces-bill-expand-childcare-rural-america> and

<https://www.warren.senate.gov/newsroom/press-releases/warren-sherrill-40-lawmakers-renew-push-to-lower-child-care-costs>

<sup>129</sup> <https://www.ffyf.org/resources/2025/09/first-five-things-child-care-modernization-act/>

- Many funding streams – such as the Temporary Assistance for Needy Families (TANF) block grant – are utilized by multiple early childhood education programs. At the local level, these programs may be integrated and, as a result, funds are re-braided to deliver services.
- At the state level, there are two departments and one public-private partnership that are primarily responsible for managing early childhood education programs. At the local level, there are several entities that have roles in implementing early childhood education programming, and their local or regional catchment areas vary across entities.
- Providers that directly serve children – such as licensed child care providers – may be utilizing as many as five different funding streams, each with separate program requirements and compliance expectations.
- Emerging changes at the federal level for early childhood funding streams may impact the governance and compliance requirements for ECE programs within North Carolina.

In this dynamic state and national environment, further exploration of current funding governance, allocation approaches, distribution methods, local management, and provider-level program implementation may surface opportunities for increased equity and efficiency in delivering early childhood services for families in North Carolina.



## APPENDIX

### *FY25 County SCCA Allocations Per Potentially Eligible Child*

County	SCCA Allocations Per Eligible Child	Region Type
Tyrrell County	\$232.31	Rural
Camden County	\$302.27	Rural
Yancey County	\$336.11	Rural
Currituck County	\$395.24	Rural
Gates County	\$407.96	Rural
Hyde County	\$496.42	Rural
Alleghany County	\$554.35	Rural
Yadkin County	\$556.85	Rural
Wilkes County	\$563.43	Rural
Madison County	\$582.35	Rural
Watauga County	\$588.75	Rural
Davidson County	\$641.63	Suburban/Regional Center
Dare County	\$709.77	Rural
Onslow County	\$734.31	Suburban/Regional Center
Burke County	\$738.76	Rural
Alexander County	\$767.02	Rural
Jackson County	\$790.58	Rural
Davie County	\$794.37	Rural
Rowan County	\$803.35	Suburban/Regional Center
Rockingham County	\$807.55	Rural
Stokes County	\$832.80	Rural
Henderson County	\$845.73	Suburban/Regional Center
Lee County	\$847.52	Rural
Swain County	\$879.60	Rural
Lenoir County	\$880.85	Rural
Moore County	\$881.30	Rural
Polk County	\$907.90	Rural
Halifax County	\$909.55	Rural
McDowell County	\$913.05	Rural
Sampson County	\$920.90	Rural
Catawba County	\$921.86	Suburban/Regional Center
Nash County	\$923.11	Rural
Mitchell County	\$953.86	Rural

Perquimans County	\$956.89	Rural
Randolph County	\$963.30	Rural
Forsyth County	\$966.26	Urban
Hoke County	\$975.43	Rural
Union County	\$985.86	Suburban/Regional Center
Avery County	\$989.75	Rural
Carteret County	\$990.37	Rural
Wayne County	\$995.97	Rural
Greene County	\$1,006.02	Rural
Surry County	\$1,009.65	Rural
Harnett County	\$1,015.54	Rural
Jones County	\$1,021.04	Rural
Montgomery County	\$1,057.85	Rural
Gaston County	\$1,063.95	Suburban/Regional Center
Cleveland County	\$1,080.40	Rural
Craven County	\$1,088.21	Rural
Wilson County	\$1,093.28	Rural
Warren County	\$1,093.91	Rural
Caldwell County	\$1,095.59	Rural
Macon County	\$1,106.35	Rural
Caswell County	\$1,109.17	Rural
Johnston County	\$1,112.21	Suburban/Regional Center
Richmond County	\$1,116.17	Rural
Granville County	\$1,143.46	Rural
Chowan County	\$1,151.84	Rural
Chatham County	\$1,156.96	Rural
Transylvania County	\$1,174.90	Rural
Bertie County	\$1,190.25	Rural
New Hanover County	\$1,234.47	Urban
Graham County	\$1,243.16	Rural
Stanly County	\$1,250.07	Rural
Person County	\$1,260.41	Rural
Duplin County	\$1,273.05	Rural
Hertford County	\$1,282.19	Rural
Pender County	\$1,290.23	Rural
Lincoln County	\$1,294.76	Suburban/Regional Center
Iredell County	\$1,303.73	Suburban/Regional Center

Cabarrus County	\$1,307.10	Suburban/Regional Center
Cherokee County	\$1,325.33	Rural
Edgecombe County	\$1,359.50	Rural
Alamance County	\$1,377.65	Suburban/Regional Center
Cumberland County	\$1,378.72	Suburban/Regional Center
Haywood County	\$1,410.15	Rural
Guilford County	\$1,417.80	Urban
Rutherford County	\$1,423.83	Rural
Pamlico County	\$1,429.44	Rural
Scotland County	\$1,444.17	Rural
Buncombe County	\$1,448.17	Suburban/Regional Center
Ashe County	\$1,474.45	Rural
Robeson County	\$1,483.23	Rural
Northampton County	\$1,484.79	Rural
Bladen County	\$1,498.12	Rural
Vance County	\$1,504.54	Rural
Columbus County	\$1,505.69	Rural
Brunswick County	\$1,510.17	Rural
Mecklenburg County	\$1,510.98	Urban
Pasquotank County	\$1,594.67	Rural
Franklin County	\$1,616.99	Rural
Pitt County	\$1,631.15	Suburban/Regional Center
Durham County	\$1,660.19	Urban
Clay County	\$1,687.92	Rural
Washington County	\$1,809.76	Rural
Wake County	\$2,036.28	Urban
Beaufort County	\$2,082.09	Rural
Anson County	\$2,123.40	Rural
Orange County	\$2,326.47	Suburban/Regional Center
Martin County	\$2,604.12	Rural

Analysis of [SFY\\_24-25\\_Subsidized\\_Child\\_Care\\_Assistance\\_County\\_Fact\\_Sheets.pdf](#)