NC DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Division of Child Development and Early Education

JOSH STEIN • Governor
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Implementation of 2026 Market Rates FAQ

This FAQ is an attachment to Change Notice Letter #26-05. Please refer to the Change Notice Letter for full policy and procedures.

1. **When are the new Market Rates effective?**
   Response: The new Market Rates are effective October 01,2026.

2. **What is the Statewide Floor rate?**
   Response: The statewide floor rate is a benchmark—based on provider-reported data—used to set fair, market-aligned subsidy rates that support equitable access to care for families using Subsidy Child Care. The statewide floor rate was part of a critical investment that helped raise the rural child care reimbursement rates to a state average to help keep child care open and available in those communities.

3. **What does the color coding mean on the Market rate Charts**?

   Response: The 2021 Statewide Floor Rates are highlighted in ORANGE, the 2023 Market Rates are highlighted in GREEN, and the current Market Rates – Hold Harmless Rates are in WHITE

4. **What does Hold Harmless mean?**

   Response: Hold Harmless means that if a provider's Current Market Rate is higher than the recommended rates from the 2021 statewide floor or the 2023 county market rate, DCDEE will not lower the provider's rate. The provider is 'held harmless' from any rate decrease.

5. **What is the 75th Percentile?**

   Response: The term "75th percentile" is used to describe the subsidy reimbursement level that enables a parent to afford 75 percent of the privately purchased care of a certain type in an area. To determine the 75th percentile, the private pay rates for all children served within a category of care are ranked by child from lowest to highest. Counting from the bottom (lowest rate), rates are counted three-quarters of the way up to identify the rate that represents the 75th percentile. Increasing reimbursement rates to the 75th percentile of the 2023 Market Rate Study is critically important to be compliant with the CCDF Federal rules.

6. **How will a provider know the market rate being paid to them?**

   Response: Providers can review the Market Rate table on the Division's website at https://ncchildcare.ncdhhs.gov/Home/DCDEE-Sections/Subsidy-Services/Market-Rates to identify the rates for the county where their facility is located.

Examples (non-specified county)

5 Star Child Care Center - **Infants**		5 Star Family Child Care Home - **Infants**	
2023 Market Rate	***$ 1622.00***	*2023 Market Rate*	*$ 758.00*
2021 Statewide Floor rate	$ 1400.00	**2021 Statewide Floor rate**	**$ 884.00**
Child Care Center is reimbursed at the 2023 Market Rate		Family Child Care Home is reimbursed at the 2021 Statewide Floor Rate	

If you have additional questions about the information in this FAQ, please contact DCDEE or your Local Purchasing Agency / Local Department of Social Services.